

**INTERNATIONAL DISASTER
EMERGENCY SERVICE, INC.**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

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Delta Wealth
CPAs & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
International Disaster Emergency Service, Inc.
Noblesville, Indiana

We have audited the accompanying financial statements of International Disaster Emergency Service, Inc. ("IDES"), a non-profit organization, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IDES as of December 31, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of IDES and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about IDES's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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DELTA WEALTH CPAs & ADVISORS, LLC MEMBER AICPA DIVISION FOR FIRMS-PEER REVIEW PROGRAM

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IDES's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IDES's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Delta Wealth CPAs & Advisors, LLC

Indianapolis, Indiana
February 16, 2023

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 4,045,845	\$ 2,527,574
Certificates of deposit	1,002,243	730,540
Investments	772,645	209,075
Prepaid expenses	49,224	55,051
Inventory	173,911	156,052
Property and equipment	1,252,191	1,204,626
Charitable gift annuities	182,845	216,846
Endowment investments	3,718,585	2,514,971
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 11,197,489</u>	<u>\$ 7,614,735</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 24,354	\$ 23,086
Accrued payroll and payroll taxes	69,174	57,727
Grants payable	396,004	565,980
Annuity payable	58,900	81,356
	<u> </u>	<u> </u>
TOTAL LIABILITIES	548,432	728,149
NET ASSETS		
Without donor restrictions		
Undesignated	3,741,459	2,941,254
Board-designated Endowment assets	3,423,482	2,219,868
With donor restrictions		
Program restricted	3,189,013	1,430,361
Endowment assets	295,103	295,103
	<u> </u>	<u> </u>
TOTAL NET ASSETS	<u>10,649,057</u>	<u>6,886,586</u>
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,197,489</u>	<u>\$ 7,614,735</u>

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions		Total
		Program Restricted	Endowment Assets	
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions	\$ 5,685,278	\$ 5,895,699	\$ -	\$ 11,580,977
Interest and dividends				
General	74,962	-	-	74,962
Endowment	85,418	-	-	85,418
Gain on sale of investments	53,887	-	-	53,887
Net unrealized losses on investments	(509,819)	-	-	(509,819)
Gain on asset disposal	16,000	-	-	16,000
	<u>5,405,726</u>	<u>5,895,699</u>	<u>-</u>	<u>11,301,425</u>
Net assets released from restrictions	4,137,047	(4,137,047)	-	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	9,542,773	1,758,652	-	11,301,425
PROGRAM, OPERATIONAL, AND MANAGEMENT EXPENSES				
Hunger	646,337	-	-	646,337
Disasters	3,568,786	-	-	3,568,786
Development projects	404,582	-	-	404,582
Medical emergency	123,852	-	-	123,852
Evangelism	161,513	-	-	161,513
God Always PROVIDES	601,133	-	-	601,133
Harvest/Hunger	200,479	-	-	200,479
Total program projects	<u>5,706,682</u>	<u>-</u>	<u>-</u>	<u>5,706,682</u>
Program operation services	708,236	-	-	708,236
	<u>6,414,918</u>	<u>-</u>	<u>-</u>	<u>6,414,918</u>
SUPPORTING SERVICES				
Fundraising	434,721	-	-	434,721
Administrative and general	689,315	-	-	689,315
TOTAL SUPPORTING SERVICES	1,124,036	-	-	1,124,036
TOTAL PROGRAM, OPERATIONAL, AND MANAGEMENT EXPENSES	7,538,954	-	-	7,538,954
CHANGE IN NET ASSETS	2,003,819	1,758,652	-	3,762,471
BEGINNING OF YEAR NET ASSETS	5,161,122	1,430,361	295,103	6,886,586
END OF YEAR NET ASSETS	\$ 7,164,941	\$ 3,189,013	\$ 295,103	\$ 10,649,057

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions		Total
		Program Restricted	Endowment Assets	
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions	\$ 3,804,345	\$ 3,280,722	\$ -	\$ 7,085,067
In-kind contributions	1,140	-	-	1,140
Interest and dividends				
General	27,484	-	-	27,484
Endowment	113,358	-	-	113,358
Gain on sale of investments	31,098	-	-	31,098
Net unrealized gains on investments	129,531	-	-	129,531
	<u>4,106,956</u>	<u>3,280,722</u>	<u>-</u>	<u>7,387,678</u>
Net assets released from restrictions	2,716,815	(2,716,815)	-	-
	<u>6,823,771</u>	<u>563,907</u>	<u>-</u>	<u>7,387,678</u>
TOTAL REVENUE, GAINS, AND OTHER SUPPORT				
PROGRAM, OPERATIONAL, AND MANAGEMENT EXPENSES				
Hunger	573,192	-	-	573,192
Disasters	2,723,178	-	-	2,723,178
Development projects	499,926	-	-	499,926
Medical emergency	215,800	-	-	215,800
Evangelism	303,023	-	-	303,023
God Always PROVIDES	287,394	-	-	287,394
Harvest/Hunger	195,059	-	-	195,059
Total program projects	<u>4,797,572</u>	<u>-</u>	<u>-</u>	<u>4,797,572</u>
Program operation services	533,158	-	-	533,158
	<u>5,330,730</u>	<u>-</u>	<u>-</u>	<u>5,330,730</u>
SUPPORTING SERVICES				
Fundraising	469,651	-	-	469,651
Administrative and general	610,935	-	-	610,935
TOTAL SUPPORTING SERVICES	<u>1,080,586</u>	<u>-</u>	<u>-</u>	<u>1,080,586</u>
TOTAL PROGRAM, OPERATIONAL, AND MANAGEMENT EXPENSES	<u>6,411,316</u>	<u>-</u>	<u>-</u>	<u>6,411,316</u>
CHANGE IN NET ASSETS	412,455	563,907	-	976,362
BEGINNING OF YEAR NET ASSETS	<u>4,748,667</u>	<u>866,454</u>	<u>295,103</u>	<u>5,910,224</u>
END OF YEAR NET ASSETS	<u>\$ 5,161,122</u>	<u>\$ 1,430,361</u>	<u>\$ 295,103</u>	<u>\$ 6,886,586</u>

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Support Services		Total Expenses
	Program Projects	Program Operation	Total Program Services	Fundraising	Administrative and General	
Financial assistance	\$ 5,706,682	\$ -	\$ 5,706,682	\$ -	\$ -	\$ 5,706,682
Salaries	-	420,914	420,914	252,407	259,231	932,552
Payroll taxes	-	30,967	30,967	18,592	18,717	68,276
Health insurance	-	123,859	123,859	55,704	68,791	248,354
Fringe benefits	-	19,646	19,646	14,294	11,077	45,017
Insurance	-	1,364	1,364	11,289	5,161	17,814
Depreciation	-	-	-	-	104,838	104,838
Postage	-	-	-	25,817	8,606	34,423
Printing	-	23,385	23,385	20,318	8,708	52,411
Travel - staff	-	-	-	12,177	-	12,177
Telephone	-	-	-	940	403	1,343
Utilities	-	-	-	14,131	6,056	20,187
Office expense	-	44,818	44,818	-	42,593	87,411
Building maintenance	-	-	-	-	44,259	44,259
Audit expense	-	-	-	-	18,300	18,300
Director expense	-	-	-	-	3,575	3,575
Development expense	-	37,122	37,122	-	79,574	116,696
Training	-	1,457	1,457	843	9,355	11,655
Vehicle expense	-	-	-	8,209	-	8,209
Volunteers and other	-	4,704	4,704	-	71	4,775
	<u>\$ 5,706,682</u>	<u>\$ 708,236</u>	<u>\$ 6,414,918</u>	<u>\$ 434,721</u>	<u>\$ 689,315</u>	<u>\$ 7,538,954</u>

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services			Support Services		Total Expenses
	Program Projects	Program Operation	Total Program Services	Fundraising	Administrative and General	
Financial assistance	\$ 4,797,572	\$ -	\$ 4,797,572	\$ -	\$ -	\$ 4,797,572
Salaries	-	340,373	340,373	271,012	253,912	865,297
Payroll taxes	-	24,735	24,735	19,578	18,669	62,982
Health insurance	-	92,275	92,275	87,125	62,466	241,866
Fringe benefits	-	8,095	8,095	13,804	20,899	42,798
Insurance	-	1,602	1,602	1,276	1,197	4,075
Depreciation	-	-	-	-	93,503	93,503
Postage	-	6,313	6,313	24,334	8,111	38,758
Printing	-	17,610	17,610	17,101	7,329	42,040
Travel - staff	-	-	-	11,657	-	11,657
Telephone	-	2,646	2,646	2,646	1,322	6,614
Utilities	-	6,174	6,174	6,174	3,086	15,434
Office expense	-	1,053	1,053	-	18,906	19,959
Building maintenance	-	-	-	-	44,539	44,539
Audit expense	-	-	-	-	16,250	16,250
Director expense	-	-	-	-	7,740	7,740
Development expense	-	29,215	29,215	-	50,470	79,685
Training	-	353	353	-	2,454	2,807
Vehicle expense	-	-	-	14,944	-	14,944
Volunteers and other	-	2,714	2,714	-	82	2,796
	<u>\$ 4,797,572</u>	<u>\$ 533,158</u>	<u>\$ 5,330,730</u>	<u>\$ 469,651</u>	<u>\$ 610,935</u>	<u>\$ 6,411,316</u>

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 3,762,471	\$ 976,362
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	104,838	93,503
Gain from sale of property and equipment	(16,000)	-
Transfers (to) from investments, net	(2,141,261)	5,642
Endowment contributions	(87,667)	(122,451)
Annuity contributions	(16,014)	-
Unrealized loss (gain) on investments, including reinvested income	357,174	(277,160)
Present value of annuities	1,218	1,113
(Increase) decrease in assets:		
Prepaid expenses	5,827	(4,374)
Inventory	(17,859)	(20,862)
Increase (decrease) in liabilities:		
Accounts payable	11,447	(5,734)
Grants payable	(169,976)	283,060
Accrued payroll and payroll taxes	11,447	1,001
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,805,645	930,100
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(102,531)	(86,526)
Proceeds from sale of investments	102,531	86,526
Purchase of certificates of deposit	(266,669)	-
Proceeds from certificates of deposit	-	530,000
Purchase of property and equipment	(152,403)	(88,611)
Proceeds from property and equipment	16,000	-
Transfer from endowment to operations	122,581	74,006
Annuity (payments)	(6,883)	(8,800)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(287,374)	506,595
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,518,271	1,436,695
BEGINNING OF YEAR CASH AND CASH EQUIVALENTS	2,527,574	1,090,879
END OF YEAR CASH AND CASH EQUIVALENTS	\$ 4,045,845	\$ 2,527,574
SUPPLEMENTAL DISCLOSURES:		
Recorded donated services	\$ -	\$ 1,140
Interest paid	\$ -	\$ 5,400

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

International Disaster Emergency Service, Inc. (“IDES”) exists to meet physical and spiritual needs of suffering people throughout the world in the name of Jesus Christ. IDES accomplishes this by funding relief operations for natural disaster, hunger, medical needs, and developmental projects in the United States and foreign countries. IDES is a mission outreach of Christian Churches and Churches of Christ.

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting.

Basis of presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. Under this standard, IDES is required to report information regarding its financial position and activities according to two classes of net assets. All restrictions are determined by the donor of the asset.

Without Donor Restrictions – Net asset class includes general and Board-designated assets and liabilities. These unrestricted net assets may be used at the discretion of management to support programs and operations.

With Donor Restrictions - Net asset class includes assets related to gifts with explicit donor-imposed restrictions that have not been met as to its specified purpose, or later periods of time or after specified dates. It also includes endowment funds with specific donor restrictions that must be maintained in perpetuity.

Cash and cash equivalents

For purposes of reporting the statements of financial position and the statements of cash flows, IDES considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Inventory

Inventory is valued at lower of cost (first in first out method) or at net realizable value. Inventory consists of supplies for building sheds for use under the Disaster Program and food and supplies for packages provided under the GAP Program. Inventory at December 31, 2022 and 2021 was \$173,911 and \$156,052, respectively.

Investments

Investments consist of mutual funds, stocks, bonds and money market funds and are carried at market value. Realized and unrealized gains and losses are reflected in the statement of activities.

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are recorded at cost or, if contributed, at the estimated fair value at the date of the gift. IDES capitalizes additions of equipment in excess of \$1,000 cost or fair value, if contributed.

Depreciation of property and equipment is computed using the straight-line method and based upon the estimated useful lives of the assets ranging from 5 to 20 years. Expenditures for equipment and for renewals or improvements which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense when incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Management use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Impairment of long-lived assets

IDES evaluates long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. Management has determined that no impairment existed as of December 31, 2022.

Fair value of financial instruments

The carrying values of IDES financial instruments approximate their estimated fair values. Actual fair values may differ from these estimates, and such differences could be considered material.

Revenue recognition

Gifts pursuant to unconditional promises to give are recognized as revenue in the period such promises are received. IDES reports gifts of cash and other assets as restricted support if received with donor restrictions for the purpose and/or time in which the support may be expended. When the donor's time restriction expires or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are recognized when the related conditions are substantially met.

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charitable gift annuities

IDES has established a program under which donors may set up charitable gift annuities. Under charitable gift annuity contracts, IDES receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, any remaining liability is removed and recognized as income. At December 31, 2022 and 2021, IDES had five and seven charitable gift annuities totaling \$182,845 and \$216,846, respectively. These charitable gift annuities have readily determinable fair value based on quoted prices in active markets and are recorded in the statements of financial position.

Donated goods and services

Contributions of donated noncash assets are recorded at their estimated fair values in the period received. IDES pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist with specific assistance programs, fundraising solicitations, and various other assignments. Contributions of donated services requiring specialized skills, which are provided by individuals possessing those skills and which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated goods and services were \$0 and \$1,140 for the years ended December 31, 2022 and 2021, respectively.

Grants payable

Grants payable consists of amount of funds the Board of Directors has approved for projects and has sent a signed contract to the recipient but the funds have not yet been remitted to the recipient. Grants payable were \$396,004 and \$565,980 for the years ended December 31, 2022 and 2021, respectively.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Some expenses relate directly to specific programs or supportive services while others do not. Expenses that relate to more than one program or supporting service are allocated among the applicable functions based on personnel expense. Management periodically evaluates its allocation method and revises it when necessary.

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

IDES has been determined by the Internal Revenue Service to be tax exempt under Section 501(c) (3) of the Internal Revenue Code. As a result, contributions made to the IDES qualify as charitable deductions as described in Section 170(c) of the Code. IDES has been classified as an organization that is not a private foundation under Section 509(a) of the Code. Therefore, no provision for income taxes is included in the financial statements.

Change in accounting standards

IDES has adopted *FASB Standard ASC 842 Leases* effective January 1, 2022. ASC 842 requires certain financing and operating leases to be presented on the statements of financial position as Right of Use Asset (ROU) and its related Lease Liabilities. For the year ended December 31, 2022, IDES had no leases in place with a term over 12 months that would be subject to ASC 842.

Date of management's review

Subsequent events have been evaluated through February 16, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Hunger–IDES is committed to helping victims of malnutrition caused by poverty or disasters.

Disasters–IDES seeks to help victims of man-made or natural disasters by providing for their immediate basic needs and assisting them in rebuilding their lives.

Development Projects–Development projects are to empower people to not become dependent on IDES or other organizations to provide for their basic needs. It is a hand up and not just a handout.

Medical Emergency–IDES will provide medicines, medical equipment or supplies for temporary health clinics sponsored by a missionary or mission organization. In addition, IDES attempts to assist missionaries or members of their immediate family to receive emergency medical treatment if they lack the financial resources.

Evangelism–IDES channels funds through Christian Church/Church of Christ missionaries and congregations to offer help (benevolent assistance) and hope (the saving message of Jesus Christ) to a hurting and lost world. All benevolent aid is given for the purpose of creating opportunities to share the Gospel of Jesus Christ.

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES (CONTINUED)

God Always ProviDES—IDES' GAP program provides a "hands-on" opportunity for our supporters to help meet physical resources to meet global needs. Food is packed working with local sponsors to organize food-packing events at churches, camps, conventions, and other locations throughout the year. At a food-packing event, volunteers work together to package nutritionally complete meals consisting of rice, soy protein, dried vegetables, and a vitamin and mineral supplement, that have a shelf-life of up to three years. Each serving costs just 25 cents. Basic relief supplies needed around the world are gathered by individuals and delivered to IDES where volunteers sort the supplies before they are shipped to IDES' international partners.

Harvest/Hunger—IDES uses all Harvest funds raised to alleviate spiritual and physical hunger in the name of Jesus Christ. The funds are raised by a variety of events and fundraisers held throughout the year, culminating in Harvest Day, which features sales of food and hand-crafted items made by individuals using their God-given talents.

NOTE 3 – PROPERTY AND EQUIPMENT

IDES's property and equipment are as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 68,600	\$ 68,600
Buildings and building improvements	1,215,634	1,215,634
Disaster equipment	433,691	351,625
Furniture and equipment	110,215	86,233
Vehicles	145,463	114,342
	<u>1,973,603</u>	<u>1,836,435</u>
Accumulated depreciation	<u>(721,412)</u>	<u>(631,808)</u>
	<u>\$ 1,252,191</u>	<u>\$ 1,204,626</u>

Depreciation expense was \$104,838 and \$93,503 for the years ended December 31, 2022 and 2021, respectively.

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – CHARITABLE GIFT ANNUITIES

Charitable gift annuity investments at December 31 consist of the following:

	<u>2022</u>	<u>2021</u>
Government and corporate bonds index funds	\$ 60,541	\$ 69,769
Common stock mutual funds	<u>122,304</u>	<u>147,077</u>
	<u>\$ 182,845</u>	<u>\$ 216,846</u>
Annuity payable	<u>\$ 58,900</u>	<u>\$ 81,356</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 7,813	\$ 7,917
Realized gains	929	3,656
Unrealized (losses) gains	<u>(37,078)</u>	<u>9,274</u>
Total investment (loss) return	<u>\$ (28,336)</u>	<u>\$ 20,847</u>

During the years ended December 31, 2022 and 2021, respectively, \$7,527 and \$8,800 was disbursed to pay annual annuity payments.

NOTE 5 – ENDOWMENT INVESTMENTS

IDES's endowment consists of funds established to support its operating expenses. Its endowment includes both donor-restricted funds, funds designated by the Board of Directors to function as endowments and cumulative earnings on endowment investments previously recognized as unrestricted revenue. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
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NOTE 5 – ENDOWMENT INVESTMENTS (CONTINUED)

The Board of Directors of IDES has interpreted the State Prudent Management of Institutional Funds Act (“SPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, IDES classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value or subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by IDES in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, IDES considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of IDES, and (7) IDES’s investment policies.

Investment Return Objectives, Risk Parameters and Strategies—IDES has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, IDES expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Standard Policy—IDES has a policy of appropriating for distribution each year, endowment fund earnings up to 5% of the endowments total value. Dividends are automatically included in this calculation. Capital gains can also be redeemed to reach the targeted distribution percentage. In establishing this policy, IDES considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. IDES expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 1% annually, which is consistent with IDES’s objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 – ENDOWMENT INVESTMENTS (CONTINUED)

The composition of endowment net assets by type of fund as of December 31 is as follows:

	2022			
	Without Donor Restrictions	<u>With Donor Restrictions</u>		Total
		Program Restricted	Endowment Assets	
Donor - restricted and board designated endowment funds	<u>\$3,423,482</u>	<u>\$ -</u>	<u>\$ 295,103</u>	<u>\$3,718,585</u>
	2021			
	Without Donor Restrictions	<u>With Donor Restrictions</u>		Total
		Program Restricted	Endowment Assets	
Donor - restricted and board designated endowment funds	<u>\$2,219,868</u>	<u>\$ -</u>	<u>\$ 295,103</u>	<u>\$2,514,971</u>

Changes in endowment net assets for the year ended December 31 are as follows:

	2022			
	Without Donor Restrictions	<u>With Donor Restrictions</u>		Total
		Program Restricted	Endowment Assets	
Endowment net assets, beginning of year	\$2,219,868	\$ -	\$ 295,103	\$2,514,971
Investment return:				
Interest and dividends	85,113	-	-	85,113
Realized gains	51,494	-	-	51,494
Unrealized losses	(436,988)	-	-	(436,988)
Total investment return	(300,381)	-	-	(300,381)
Board transfers	1,626,576	-	-	1,626,576
Amounts appropriated for expenditure	(122,581)	-	-	-
Endowment net assets, end of year	<u>\$3,423,482</u>	<u>\$ -</u>	<u>\$ 295,103</u>	<u>\$3,718,585</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 5 – ENDOWMENT INVESTMENTS (CONTINUED)

	2021			Total
	Without Donor Restrictions	With Donor Restrictions		
		Program Restricted	Endowment Assets	
Endowment net assets, beginning of year	\$1,924,812	\$ -	\$ 295,103	\$2,219,915
Investment return:				
Interest and dividends	113,358	-	-	113,358
Realized gains	27,442	-	-	27,442
Unrealized gains	105,811	-	-	105,811
Total investment return	246,611	-	-	246,611
Board transfers	23,739	-	-	23,739
Contributions received	98,712	-	-	98,712
Amounts appropriated for expenditure	(74,006)	-	-	(74,006)
Endowment net assets, end of year	\$2,219,868	\$ -	\$ 295,103	\$2,514,971

NOTE 6 – FAIR VALUE MEASUREMENTS

IDES has adopted Statement of Financial Accounting Standards FASB ASU 2016-01 with 2018-03 and FASB ASC 820-10, *Fair Value Measurements*. FASB ASU 2016-01/2018-03 requires reporting of equity investments at fair value. FASB ASC 820-10 clarifies the definition of fair value for financial reporting, establishes a three-tier hierarchy as a framework for measuring fair value which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, and requires additional disclosures about the use of fair value measurements. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. In general, this level includes investments in mutual funds that are regularly traded on major exchanges.

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)

- Level 2 - Quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. This level generally includes investments without significant restrictions with limited market activity and whose investments are classified as level 1 investments.
- Level 3 - Pricing inputs are unobservable for the asset or liability, which may include investments with significant restrictions, little or no market activity and whose investments are classified as primarily level 2 or 3 investments.

As required by the standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

The following table presents financial assets measured at fair value on a recurring basis by level within the fair value hierarchy, as of December 31, 2022 and 2021, respectively.

	2022			
	Fair Value	Fair Value Measurements		
	Level 1	Level 2	Level 3	
Endowment investments:				
Mutual funds:				
Large-cap stocks	\$ 672,117	\$ 672,117	\$ -	\$ -
Mid and small-cap stocks	313,581	313,581	-	-
International stocks and bonds	262,442	262,442	-	-
Government bonds	180,977	180,977	-	-
Corporate bonds	625,909	625,909	-	-
Emerging markets	18,757	18,757	-	-
Real estate funds	35,383	35,383	-	-
Money market and other	1,609,419	1,609,419	-	-
Total endowment investments	<u>\$3,718,585</u>	<u>\$3,718,585</u>	-	-
Charitable gift annuities:				
Mutual funds:				
Large-cap stocks	61,882	61,882	-	-
Mid and small-cap stocks	18,748	18,748	-	-
Government and corporate bonds	60,541	60,541	-	-
International	28,031	28,031	-	-
Emerging markets	13,643	13,643	-	-
Total charitable gift annuities	<u>\$ 182,845</u>	<u>\$ 182,845</u>	-	-
	<u>\$3,901,430</u>	<u>\$3,901,430</u>	<u>\$ -</u>	<u>\$ -</u>

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)

	2021			
	Fair Value	Fair Value Measurements		
	Level 1	Level 2	Level 3	
Endowment investments:				
Mutual funds:				
Large-cap stocks	\$ 641,223	\$ 641,223	\$ -	\$ -
Mid and small-cap stocks	395,496	395,496	-	-
International stocks and bonds	413,351	413,351	-	-
Government bonds	205,602	205,602	-	-
Corporate bonds	675,658	675,658	-	-
Emerging markets	53,715	53,715	-	-
Real estate funds	60,962	60,962	-	-
Money market and other	68,964	68,964	-	-
Total endowment investments	<u>\$2,514,971</u>	<u>\$2,514,971</u>	-	-
Charitable gift annuities:				
Mutual funds:				
Large-cap stocks	73,222	73,222	-	-
Mid and small-cap stocks	26,672	26,672	-	-
Government and corporate bonds	69,769	69,769	-	-
International	32,205	32,205	-	-
Emerging markets	14,978	14,978	-	-
Total charitable gift annuities	<u>\$ 216,846</u>	<u>\$ 216,846</u>	-	-
	<u>\$2,731,817</u>	<u>\$2,731,817</u>	\$ -	\$ -

NOTE 7 – RETIREMENT PLAN

IDES has a 403(b) plan for those employees who meet the eligibility requirements set forth in the plan. Beginning after six months of employment with at least 20 hours per week of employment, IDES employees contribute 7.2% of their base pay; increasing to 9% beginning with year six of employment. Individuals may contribute additional funds up to the IRS limit at their discretion. There were no pension contributions by IDES for the years ended December 31, 2022 and 2021.

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
 NOTES TO FINANCIAL STATEMENTS
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NOTE 8 – LIQUIDITY AND AVAILABILITY OF RESOURCES

IDES financial assets available within one year of the statement of financial position for unrestricted purposes are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$4,045,845	\$2,527,574
Certificates of deposit	1,002,243	730,540
Charitable gift annuities	182,845	216,846
Endowment assets	<u>3,718,585</u>	<u>2,514,971</u>
Final financial assets available within one year	8,949,518	5,989,931
Less: amounts unavailable for unrestricted purposes due to donor restrictions and other:		
Annuity payable within one year	7,170	8,150
Restricted by donors with purpose restrictions	3,189,013	1,430,361
Restricted by donors to perpetuity	<u>295,103</u>	<u>295,103</u>
	3,491,286	1,733,614
Less: amounts unavailable for unrestricted purposes without board approval:		
Board designated endowment assets	3,423,482	2,219,868
Grants payable	<u>396,004</u>	<u>565,980</u>
	<u>3,819,486</u>	<u>2,785,848</u>
Final financial assets available to management for unrestricted purposes within one year	<u><u>\$1,645,916</u></u>	<u><u>\$1,470,469</u></u>

IDES's administrative and general expenses average \$650,331 over the past two years. Fundraising is \$452,186. With cash reserves the end of the year at \$1,645,916, the Board feels there is enough cash to cover operating expenses for the year. Future donations for specific projects or for unrestricted use are to be spent in the year of donation or in a future year.

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
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NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Disasters	\$ 2,549,781	\$ 993,490
Hunger	1,975	2,740
Development projects	257,374	173,990
Medical emergency	25,885	18,630
Evangelism	79,173	63,780
God always PROVIDES	272,725	177,731
Harvest/Hunger	2,100	-
	<u>\$ 3,189,013</u>	<u>\$ 1,430,361</u>

Net assets with donor restrictions consists of cash of \$3,015,102 and inventory of \$173,911 at December 31, 2022 and cash of \$1,274,309 and inventory of \$156,052 at December 31, 2021.

During the years ended December 31, 2022 and 2021, respectively, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2022</u>	<u>2021</u>
Disasters	\$ 3,001,015	\$ 1,302,835
Hunger	159,002	330,700
Development projects	113,041	230,761
Medical emergency	27,695	43,045
Evangelism	25,499	229,695
God always PROVIDES	622,436	383,594
Harvest/Hunger	188,359	196,185
Net assets released from restrictions by satisfaction of program restrictions	<u>\$ 4,137,047</u>	<u>\$ 2,716,815</u>

INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 – CONCENTRATION AND CONTIGENCIES

It is the policy of IDES not to hold cash at financial institutions in excess of the federal deposit insurance corporation (“FDIC”) limit of \$250,000. On occasion IDES may exceed this limit. Contributions received for the years ended December 31, 2022 and 2021, are virtually all from independent Christian and Church of Christ churches and individuals from those churches located throughout the United States. Contributions are on the uninformed basis with no commitment on behalf of the donor.