



*focusing on the future*

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# ***International Disaster Emergency Service, Inc.***

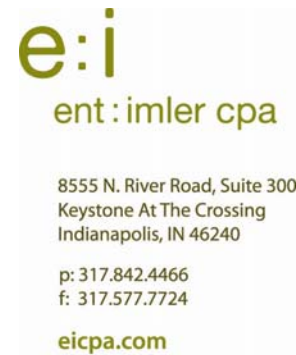
*Financial Statements  
December 31, 2010 and 2009*



*Offering Help and Hope  
to a Hurting World*

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the statements of financial position of International Disaster Emergency Service, Inc. (IDES) as of December 31, 2010 and 2009, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of IDES' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Disaster Emergency Service, Inc. as of December 31, 2010 and 2009, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Ent: Imler CPA, PC*

Ent : Imler CPA, PC

Indianapolis, Indiana  
February 17, 2011

**INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2010 AND 2009**

**ASSETS**

	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,942,751	\$ 1,108,493
Interest receivable	3,503	11,511
Refundable payroll taxes	-	1,051
Prepaid expenses	17,508	10,010
Endowment investments	<u>634,693</u>	<u>557,127</u>
 Total Current Assets	 <u>2,598,455</u>	 <u>1,688,192</u>
 <b>FIXED ASSETS:</b>		
Land	6,900	6,900
Building and improvements	248,516	239,025
Disaster equipment	123,810	128,035
Furniture and equipment	77,544	71,231
Vehicles	38,077	42,077
	494,847	487,268
Less: accumulated depreciation	<u>(334,174)</u>	<u>(322,500)</u>
 Fixed Assets, net	 <u>160,673</u>	 <u>164,768</u>
 <b>OTHER ASSETS:</b>		
Charitable gift annuities	33,254	17,308
Deposits	<u>-</u>	<u>14,000</u>
 Total Other Assets	 <u>33,254</u>	 <u>31,308</u>
	 <u>\$ 2,792,382</u>	 <u>\$ 1,884,268</u>

See independent auditors' report and accompanying notes to the financial statements.

**INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Continued)  
**DECEMBER 31, 2010 AND 2009**

**LIABILITIES AND NET ASSETS**

	<u>2010</u>	<u>2009</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 8,923	\$ 9,464
Grants payable	727,418	190,949
Accrued expenses	<u>17,393</u>	<u>8,316</u>
 Total Current Liabilities	 <u>753,734</u>	 <u>208,729</u>
 <b>NET ASSETS:</b>		
Unrestricted	702,176	661,632
Temporarily restricted	711,129	463,281
Permanently restricted	<u>625,343</u>	<u>550,626</u>
 Total Net Assets	 <u>2,038,648</u>	 <u>1,675,539</u>
	 <u>\$ 2,792,382</u>	 <u>\$ 1,884,268</u>

See independent auditors' report and accompanying notes to the financial statements.

**INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 1,933,196	\$ 3,110,008	\$ 74,717	\$ 5,117,921
Investment income:				
General	23,880	-	-	23,880
Endowment	9,463	-	-	9,463
Change in net unrealized gains on investments	11,892	-	-	11,892
Gain on sale of assets	6,375	-	-	6,375
Net assets released from restrictions by satisfaction of temporary restrictions	<u>2,862,160</u>	<u>(2,862,160)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenue	 <u>4,846,966</u>	 <u>247,848</u>	 <u>74,717</u>	 <u>5,169,531</u>
<b>PROGRAM AND SERVICES EXPENSE:</b>				
Hunger	202,688	-	-	202,688
Disasters	2,977,589	-	-	2,977,589
Development projects	308,081	-	-	308,081
Medical	242,255	-	-	242,255
Short term mission	23,033	-	-	23,033
Evangelism	64,557	-	-	64,557
God Always PROVIDES	50,360	-	-	50,360
Harvest/Hunger	146,668	-	-	146,668
Program operation services	<u>299,365</u>	<u>-</u>	<u>-</u>	<u>299,365</u>
 Total Program Services Expense	 <u>4,314,596</u>	 <u>-</u>	 <u>-</u>	 <u>4,314,596</u>
<b>SUPPORTING SERVICES:</b>				
Fundraising	236,004	-	-	236,004
Administrative & General	<u>255,822</u>	<u>-</u>	<u>-</u>	<u>255,822</u>
 Total Supporting Services Expense	 <u>491,826</u>	 <u>-</u>	 <u>-</u>	 <u>491,826</u>
 Total Program Services and Supporting Services Expense	 <u>4,806,422</u>	 <u>-</u>	 <u>-</u>	 <u>4,806,422</u>
 <b>CHANGE IN NET ASSETS</b>	 40,544	 247,848	 74,717	 363,109
 <b>NET ASSETS</b> , beginning of year	 <u>661,632</u>	 <u>463,281</u>	 <u>550,626</u>	 <u>1,675,539</u>
 <b>NET ASSETS</b> , end of year	 <u>\$ 702,176</u>	 <u>\$ 711,129</u>	 <u>\$ 625,343</u>	 <u>\$ 2,038,648</u>

See independent auditors' report and accompanying notes to the financial statements.

**INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.**  
**STATEMENTS OF ACTIVITIES**  
(Continued)  
**YEAR ENDED DECEMBER 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 1,863,403	\$ 791,903	\$ 2,008	\$ 2,657,314
In-kind contributions	6,415	-	-	6,415
Investment income				
General	12,619	-	-	12,619
Endowment	25,176	-	-	25,176
Change in net unrealized losses on investments	700	-	-	700
Miscellaneous income	2,500	-	-	2,500
Net assets released from restrictions by satisfaction of temporary restrictions	<u>1,237,220</u>	<u>(1,237,220)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenue	 <u>3,148,033</u>	 <u>(445,317)</u>	 <u>2,008</u>	 <u>2,704,724</u>
<b>PROGRAM SERVICES EXPENSE:</b>				
Hunger	613,289	-	-	613,289
Disasters	796,443	-	-	796,443
Development projects	209,896	-	-	209,896
Medical	179,171	-	-	179,171
Short term mission	3,211	-	-	3,211
Evangelism	159,842	-	-	159,842
Food bagging	8,000	-	-	8,000
Harvest/Hunger	270,900	-	-	270,900
Other	250	-	-	250
Program operation services	<u>218,588</u>	<u>-</u>	<u>-</u>	<u>218,588</u>
 Total Program Services Expense	 <u>2,459,590</u>	 <u>-</u>	 <u>-</u>	 <u>2,459,590</u>
<b>SUPPORTING SERVICES:</b>				
Fundraising	254,132	-	-	254,132
Administrative & General	<u>248,724</u>	<u>-</u>	<u>-</u>	<u>248,724</u>
 Total Supporting Services Expense	 <u>502,856</u>	 <u>-</u>	 <u>-</u>	 <u>502,856</u>
 Total Program Services and Supporting Services Expense	 <u>2,962,446</u>	 <u>-</u>	 <u>-</u>	 <u>2,962,446</u>
<b>CHANGE IN NET ASSETS</b>	185,587	(445,317)	2,008	(257,722)
<b>NET ASSETS</b> , beginning of year	<u>476,045</u>	<u>908,598</u>	<u>548,618</u>	<u>1,933,261</u>
 <b>NET ASSETS</b> , end of year	 <u>\$ 661,632</u>	 <u>\$ 463,281</u>	 <u>\$ 550,626</u>	 <u>\$ 1,675,539</u>

See independent auditors' report and accompanying notes to the financial statements.

**INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 363,109	\$ (257,722)
Adjustments to reconcile change in net assets to net cash provided (used) by operations:		
Depreciation	44,249	46,439
Realized and unrealized gain on investments	11,892	(700)
Gain on disposal of assets	(6,375)	-
(Increase) decrease in:		
Interest receivable	8,008	(6,559)
Refundable payroll taxes	1,051	-
Prepaid expenses	(7,498)	(1,999)
Deposits	14,000	-
Increase (decrease) in:		
Accounts payable	(541)	1,203
Grants payable	536,469	141,045
Accrued expenses	9,077	719
	<u>973,441</u>	<u>(77,574)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
	<u>973,441</u>	<u>(77,574)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(451,231)	(179,308)
Proceeds from sale of investments	345,827	179,255
Purchases of fixed assets	(41,079)	(33,777)
Proceeds from sale of fixed assets	7,300	-
	<u>(139,183)</u>	<u>(33,830)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>		
	<u>(139,183)</u>	<u>(33,830)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	834,258	(111,404)
<b>CASH AND CASH EQUIVALENTS</b> , beginning of year	<u>1,108,493</u>	<u>1,219,897</u>
<b>CASH AND CASH EQUIVALENTS</b> , end of year	<u>\$ 1,942,751</u>	<u>\$ 1,108,493</u>

See independent auditors' report and accompanying notes to the financial statements.

**INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2010**

	Program Services									Support		Total Expenses	
	Hunger	Disasters	Development Projects	Medical Emergency	Short term Missions	Evangelism	God Always ProviDES	Harvest Hunger	Other	Program Operation	Fundraising Cost		Administrative & General
Financial assistance	\$ 202,688	\$ 2,977,589	\$ 308,081	\$ 242,255	\$ 23,033	\$ 64,557	\$ 50,360	\$ 146,668	\$ -	\$ -	\$ -	\$ -	\$ 4,015,231
Salaries	-	-	-	-	-	-	-	-	-	204,069	101,968	110,445	416,482
Payroll taxes	-	-	-	-	-	-	-	-	-	14,621	7,862	10,552	33,035
Health insurance	-	-	-	-	-	-	-	-	-	43,304	13,617	26,869	83,790
Fringe benefits	-	-	-	-	-	-	-	-	-	12,645	9,016	8,562	30,223
Insurance	-	-	-	-	-	-	-	-	-	-	-	8,160	8,160
Depreciation	-	-	-	-	-	-	-	-	-	-	-	44,249	44,249
Promotion	-	-	-	-	-	-	-	-	-	3,690	-	-	3,690
Postage	-	-	-	-	-	-	-	-	-	2,632	13,609	4,536	20,777
Printing	-	-	-	-	-	-	-	-	-	15,051	25,866	-	40,917
Travel-staff	-	-	-	-	-	-	-	-	-	-	13,499	-	13,499
Telephone	-	-	-	-	-	-	-	-	-	1,318	1,292	646	3,256
Utilities	-	-	-	-	-	-	-	-	-	-	-	6,356	6,356
Office expenses	-	-	-	-	-	-	-	-	-	-	-	5,908	5,908
Building maintenance	-	-	-	-	-	-	-	-	-	-	-	10,737	10,737
Audit expense	-	-	-	-	-	-	-	-	-	-	-	14,858	14,858
Director expenses	-	-	-	-	-	-	-	-	-	-	-	3,287	3,287
Development expenses	-	-	-	-	-	-	-	-	-	-	38,780	-	38,780
Training	-	-	-	-	-	-	-	-	-	-	1,273	619	1,892
Other expenses	-	-	-	-	-	-	-	-	-	2,035	-	38	2,073
Vehicle expense	-	-	-	-	-	-	-	-	-	-	9,222	-	9,222
<b>Total Expenses</b>	<b>\$ 202,688</b>	<b>\$ 2,977,589</b>	<b>\$ 308,081</b>	<b>\$ 242,255</b>	<b>\$ 23,033</b>	<b>\$ 64,557</b>	<b>\$ 50,360</b>	<b>\$ 146,668</b>	<b>\$ -</b>	<b>\$ 299,365</b>	<b>\$ 236,004</b>	<b>\$ 255,822</b>	<b>\$ 4,806,422</b>

See independent auditors' report and accompanying notes to the financial statements.

**INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
(Continued)  
**YEAR ENDED DECEMBER 31, 2009**

	Program Services									Support		Total Expenses	
	Hunger	Disasters	Development Projects	Medical Emergency	Short term Missions	Evangelism	Food Bagging	Harvest Hunger	Other	Program Operation	Fundraising Cost		Administrative & General
Financial assistance	\$ 613,289	\$ 725,895	\$ 209,896	\$ 179,171	\$ 3,211	\$ 159,842	\$ 8,000	\$ 270,900	\$ 250	\$ -	\$ -	\$ -	\$ 2,170,454
Salaries	-	47,840	-	-	-	-	-	-	-	129,417	113,436	109,704	400,397
Payroll taxes	-	3,850	-	-	-	-	-	-	-	10,315	9,129	8,829	32,123
Health insurance	-	14,666	-	-	-	-	-	-	-	38,208	20,856	26,188	99,918
Fringe benefits	-	4,192	-	-	-	-	-	-	-	14,930	11,383	10,480	40,985
Insurance	-	-	-	-	-	-	-	-	-	-	-	3,844	3,844
Depreciation	-	-	-	-	-	-	-	-	-	-	-	46,439	46,439
Postage	-	-	-	-	-	-	-	-	-	5,726	13,863	4,621	24,210
Printing	-	-	-	-	-	-	-	-	-	11,418	27,297	-	38,715
Travel-staff	-	-	-	-	-	-	-	-	-	-	13,593	-	13,593
Telephone	-	-	-	-	-	-	-	-	-	1,939	1,939	969	4,847
Utilities	-	-	-	-	-	-	-	-	-	-	-	6,690	6,690
Office expenses	-	-	-	-	-	-	-	-	-	-	-	4,522	4,522
Building maintenance	-	-	-	-	-	-	-	-	-	-	-	7,957	7,957
Audit expense	-	-	-	-	-	-	-	-	-	-	-	14,150	14,150
Director expenses	-	-	-	-	-	-	-	-	-	-	-	3,737	3,737
Development expenses	-	-	-	-	-	-	-	-	-	6,635	31,621	-	38,256
Training	-	-	-	-	-	-	-	-	-	-	1,110	540	1,650
Other expenses	-	-	-	-	-	-	-	-	-	-	-	54	54
Vehicle expense	-	-	-	-	-	-	-	-	-	-	9,905	-	9,905
<b>Total Expenses</b>	<b>\$ 613,289</b>	<b>\$ 796,443</b>	<b>\$ 209,896</b>	<b>\$ 179,171</b>	<b>\$ 3,211</b>	<b>\$ 159,842</b>	<b>\$ 8,000</b>	<b>\$ 270,900</b>	<b>\$ 250</b>	<b>\$ 218,588</b>	<b>\$ 254,132</b>	<b>\$ 248,724</b>	<b>\$ 2,962,446</b>

See independent auditors' report and accompanying notes to the financial statements.

**INTERNATIONAL DISASTER EMERGENCY SERVICE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business** - International Disaster Emergency Service, Inc. (IDES) funds relief operations for natural disasters, hunger, medical needs, and developmental projects in the United States and foreign countries. The Organization is a mission out-reach of Christian Churches and Churches of Christ. Over 95% of the revenue is from voluntary contributions of these churches and individual members thereof. IDES does not seek funding from the general public.

**Basis of Accounting** - The financial statements of IDES have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses when the obligation is incurred.

**Basis of Presentation** - As required by Financial Statement Presentation Disclosure Topic of FASB ASC, IDES is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Net Assets** - The financial statements report amounts separately by class of net assets:

**Unrestricted net assets** - Unrestricted amounts are those currently available for use in IDES's activities.

**Temporarily restricted net assets** - Temporarily restricted expendable amounts are those which are restricted by donors for specific purposes. As of December 31, 2010, IDES had temporary restrictions on a portion of its net assets.

**Permanently restricted net assets** - Net assets subject to donor-imposed stipulations require that they be maintained permanently by IDES. Generally, the donors of these assets permit IDES to use all or part of the income earned on the related investments for general or specific purposes.

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, IDES considers all investments purchased with a maturity of three months or less to be cash equivalents, except for cash held in long-term investment brokerage accounts awaiting reinvestment.

In the normal course of business, IDES may maintain cash held at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 but it is management's intention to maintain cash balance under the FDIC limit.

**Interest Receivable** - Interest receivable is recorded on certificates of deposits for interest earned but not yet received.

**Investments** - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by

passage of time or by use) in the reporting period in which the income and gains are recognized.

**Charitable Gift Annuity** - IDES has established a program under which donors may set up charitable gift annuities. Under this program, donors can contribute assets to the organization and in return receive a fixed income for life. At December 31, 2010 and 2009, IDES had four and two charitable gift annuities totaling \$33,254 and \$17,308, 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.

**Fixed Assets** - Land, building and equipment are recorded at cost or, if contributed, at the estimated fair value at the date of the gift. IDES capitalizes additions of fixed assets in excess of \$500 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 fixed assets 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.

Depreciation expense was \$44,249 and \$46,439 for the years ended December 31, 2010 and 2009, respectively.

**Contributed Materials and Services** - Contributed services are recognized as contributions in accordance with Contributions Disclosure Topic of FASB ASC, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by IDES. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to fixed assets.

IDES received contributed materials and professional services related to the construction of houses in the Gulf during the years ending December 31, 2010 and 2009, with a fair market value on the dates of donation of \$0 and \$6,415, respectively.

Volunteers provide program and fund-raising services throughout the year that are not recognized as contributions in the financial statements since they do not meet the recognition criteria under Contributions Disclosure Topic of FASB ASC. These services include assisting with stuffing envelopes for mailings, bagging food for projects, and construction of houses in the Gulf.

**Grants Payable** - IDES records grants payable for the 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 recipients.

**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.

Costs are allocated to the programs, supporting services and fundraising costs. Management periodically evaluates its allocation method and revises it when necessary. General and supporting expenses include those expenses that are indirectly identifiable with other specific functions, but provide for the overall support and direction of IDES.

**Estimates** - Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could vary from the estimates that were used.

**Impairment of Long-Lived Assets** - Each year, IDES evaluates whether there has been an impairment that is other than temporary in any of its long-lived assets. An impairment in value is considered to have occurred when the undiscounted future net operating cash flows associated with the long-lived assets are not sufficient to cover the carrying value of the long-lived assets. If it is determined that an impairment in value has occurred, the carrying value will be written down to the present value of the future operating cash flows to be generated by the long-lived assets. As of December 31, 2010, management has determined that no impairment exists.

**Income Taxes** - IDES is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the Organization's financial statements.

IDES has adopted the provisions of Uncertain Tax Positions Disclosure Topics of FASB ASC, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings when applicable. IDES is unaware of any uncertainties or provisions needed for income taxes.

## **NOTE 2 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES**

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

**Disaster** - 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** - 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** - IDES attempts to assist missionaries or members of their immediate family to receive emergency medical treatment if they lack the financial resources. Plus provide medicines, medical equipment or supplies for temporary health clinics sponsored by a missionary or mission organization.

**Short Term Mission** - Periodically IDES will lead short term mission groups to help with IDES' projects and partner missionaries. This is a great way for IDES' supporters to provide hands on help to those we serve.

**Evangelism** - IDES channels funds through Christian Churches/Churches 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.

**God Always Provides** - IDES has begun the process of expanding their hunger program by partnering with Kids Against Hunger and Lifeline Ministries. Kids Against Hunger is a food packaging program that provides a scientifically formulated food product to help those who are suffering from malnutrition and related diseases. Meals can be provided for only twenty-five cents per person. The packaging process also provides a “hands on” opportunity for those who want to help in a more direct way. IDES has attained “satellite status” with Kids Against Hunger, which will allow us to schedule food packaging events here in Kempton as well as on site for churches within a one-hour radius. Lifeline Ministries already has the shipping system in place to deliver the meals to needy communities inside Haiti.

**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 – ENDOWMENT INVESTMENTS**

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

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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of 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 permanently restricted net assets is classified as temporarily restricted net assets 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 6% 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.

**Spending Policy** - IDES has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. 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.

Endowment net asset composition by type of fund as of December 31, 2010 and 2009 are as follows:

	<b>2010</b>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	
Donor-restricted and board-designated endowment funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 634,693</u>	<u>\$ 634,693</u>

	<b>2009</b>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	
Donor-restricted and board-designated endowment funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 557,127</u>	<u>\$ 557,127</u>

Changes in endowment net assets for the year ended December 31, 2010 and 2009 are as follows:

	<b>2010</b>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets, beginning of year	<u>\$ 6,501</u>	<u>\$ -</u>	<u>\$ 550,626</u>	<u>\$ 557,127</u>
Investment return:				
Investment income	9,463	-	-	9,463
Unrealized gains	<u>9,692</u>	<u>-</u>	<u>-</u>	<u>9,692</u>
Total investment return	19,155	-	-	19,155
Contributions received	-	-	74,717	74,717
Amounts appropriated for expenditure	<u>(16,306)</u>	<u>-</u>	<u>-</u>	<u>(16,306)</u>
Endowment net assets, end of year	<u>\$ 9,350</u>	<u>\$ -</u>	<u>\$ 625,343</u>	<u>\$ 634,693</u>

	<b>2009</b>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets, beginning of year	\$ -	\$ -	\$ 548,618	\$ 548,618
Investment return:				
Investment income	25,176	-	-	25,176
Unrealized gains	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investment return	25,176	-	-	25,176
Contributions received	-	-	2,008	2,008
Amounts appropriated for expenditure	<u>(18,675)</u>	<u>-</u>	<u>-</u>	<u>(18,675)</u>
Endowment net assets, end of year	<u>\$ 6,501</u>	<u>\$ -</u>	<u>\$ 550,626</u>	<u>\$ 557,127</u>

**NOTE 4 – CHARITABLE GIFT ANNUITIES**

Charitable gift annuities at December 31, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Governmental bonds	\$ 13,884	\$ 6,091
Common stock	<u>19,370</u>	<u>11,217</u>
	<u>\$ 33,254</u>	<u>\$ 17,308</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ -	\$ -
Unrealized gain (loss)	<u>2,200</u>	<u>-</u>
Total investment return	<u>\$ 2,200</u>	<u>\$ -</u>

**NOTE 5 – FAIR VALUE MEASUREMENTS**

Fair Value Measurement Disclosure Topic of FASB ASC establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1** - Inputs are quoted market prices in active markets for identical assets or liabilities. Assets in this category generally include stock investments held by the underlying mutual funds.

**Level 2** - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Assets in this category generally include bond investments held by the underlying mutual funds.

**Level 3** - Unobservable inputs that are supported by little or no market activity that are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy as of December 31, 2010 and 2009:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2010</u>				
Endowment investments	\$ 634,693	\$ 634,693	\$ 85,549	\$ -
Charitable gift annuities	<u>33,254</u>	<u>19,370</u>	<u>13,884</u>	<u>-</u>
Total	<u>\$ 667,947</u>	<u>\$ 654,063</u>	<u>\$ 99,433</u>	<u>\$ -</u>
<u>December 31, 2009</u>				
Endowment investments	\$ 557,127	557,127	\$ -	\$ -
Charitable gift annuities	<u>17,308</u>	<u>11,217</u>	<u>6,091</u>	<u>-</u>
Total	<u>\$ 574,435</u>	<u>\$ 568,344</u>	<u>\$ 6,091</u>	<u>\$ -</u>

#### NOTE 6 – MAJOR CONTRIBUTORS

Contributions received for the years ended December 31, 2010 and 2009 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.

#### NOTE 7 – OPERATING LEASE

IDES had an operating lease for office equipment that is payable in monthly installments of \$279 through June 1, 2008 and then entered into a new lease agreement of \$297 through June 1, 2011. During the years ended December 31, 2010 and 2009, \$3,564 and \$3,564 was expensed, respectively.

The future minimum rental payments required under the operating lease for the years subsequent to December 31, 2010 are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 1,485
2012	-
	<u>1,485</u>
	<u>\$ 1,485</u>

#### **NOTE 8 – 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 as a full-time employee, IDES employees contribute 7.2% of their base pay; increasing to 9% beginning with year six of employment. Individuals may contribute additional funds up the IRS limit at their discretion. There were no pension contributions by IDES for the years ended December 31, 2010 and 2009.

#### **NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2010 and 2009 are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Hunger	\$ 9,568	\$ 20,302
Disaster	619,493	384,323
Development	28,119	36,876
Medical	1,657	8,266
Short term missions	6,076	-
Evangelism	17,148	10,460
God Always Provides	28,968	-
Harvest of Talents	<u>100</u>	<u>3,054</u>
	<u>\$ 711,129</u>	<u>\$ 463,281</u>

During 2010 and 2009, temporarily restricted assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2010</u>	<u>2009</u>
Hunger	\$ 198,388	\$ 348,848
Disaster	2,353,563	409,873
Development	70,179	84,743
Medical	20,215	9,915
Short term missions	23,263	5,510
Evangelism	12,262	110,019
God Always Provides	35,052	-
Harvest of Talents	<u>149,238</u>	<u>268,312</u>
Net assets released from restrictions		
by satisfaction of program restrictions	<u>\$ 2,862,160</u>	<u>\$ 1,237,220</u>

#### **NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consist of endowment-type funds and investments that are required by the donors to be invested in perpetuity. The income from such investments is unrestricted and has been used for operating costs.

#### **NOTE 11 – UNINSURED CASH AND TRUST NOTES**

IDES maintains its cash accounts at various Indiana commercial banks. Accounts at these banks are guaranteed by the FDIC up to \$250,000. There was \$39,630 and \$27,866 in excess of insured limits at December 31, 2010 and 2009, respectively.

At December 31, 2010 and 2009, IDES had uninsured and uncollateralized trust notes, as referred to in Note 3, of \$236,779 and \$348,602, respectively.

#### **NOTE 12 – SUBSEQUENT EVENTS**

In preparing these financial statements, IDES has evaluated subsequent events and transactions for potential recognition or disclosure through February 17, 2011, the date the financial statements were available to be issued.