

International Orthodox Christian Charities, Inc. and Affiliate

Consolidated Financial Report
December 31, 2015

Contents

Independent auditor's report	1-2
------------------------------	-----

Financial statements	
Consolidated statement of financial position	3
Consolidated statement of activities	4
Consolidated statement of functional expenses	5-6
Consolidated statement of cash flows	7
Notes to consolidated financial statements	8-18

Independent auditor's report on the supplementary information	19
---	----

Supplementary information	
Consolidating statement of financial position	20
Consolidating statement of activities	21
Schedule of program expenses by region	22



RSM US LLP

Independent Auditor's Report

To the Board of Directors
International Orthodox Christian Charities, Inc. and Affiliate
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of International Orthodox Christian Charities, Inc. and Affiliate (IOCC) which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IOCC as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Report on Summarized Comparative Information**

We have previously audited IOCC's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2016, on our consideration of IOCC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IOCC's internal control over financial reporting and compliance.

RSM US LLP

Baltimore, Maryland
April 13, 2016

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidated Statement of Financial Position
December 31, 2015
(With Comparative Totals for 2014)**

	2015	2014
Assets		
Cash and Cash Equivalents	\$ 11,817,414	\$ 8,264,162
Investments	2,739,507	2,736,669
Receivables, Net	2,528,363	5,555,668
Prepaid Expenses	117,654	56,039
Deposits and Other	10,133	21,739
Commodity Inventory	2,510,074	2,712,887
Property and Equipment, Net	91,777	128,746
	<u>\$ 19,814,922</u>	<u>\$ 19,475,910</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 123,020	\$ 92,321
Accrued Expenses and Other Liabilities	931,820	364,543
Severance Liability	397,694	382,076
Refundable Advances	2,999,183	5,866,472
Other Liabilities	800,153	3,628
	<u>5,251,870</u>	<u>6,709,040</u>
Commitments and Contingencies (Notes 9 and 15)		
Net Assets:		
Unrestricted:		
Undesignated	4,731,134	4,161,779
Board Designated	1,000,000	1,000,000
	<u>5,731,134</u>	<u>5,161,779</u>
Temporarily Restricted	6,930,594	5,843,315
Permanently Restricted	1,901,324	1,761,776
	<u>14,563,052</u>	<u>12,766,870</u>
	<u>\$ 19,814,922</u>	<u>\$ 19,475,910</u>

See Notes to Consolidated Financial Statements.

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidated Statement of Activities
Year Ended December 31, 2015
(With Comparative Totals for 2014)**

	2015			Total	2014 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and Revenue:					
Grants:					
Federal, Cash and In-Kinds	\$ 20,205,967	\$ -	\$ -	\$ 20,205,967	\$ 15,625,823
International Agencies	12,471,074	2,508,016	-	14,979,090	9,066,361
Contributions:					
In-Kind	142,822	13,320,032	-	13,462,854	15,515,889
Orthodox Church Institutions	618,039	1,227,049	-	1,845,088	945,303
Individual	2,929,413	859,659	139,548	3,928,620	4,265,772
Foundations	1,036,921	2,154,639	-	3,191,560	2,368,432
Metropolitan Committee Events	751,956	265,375	-	1,017,331	821,364
Micro-Credit Loan Interest	64,163	-	-	64,163	77,291
CFC/United Way	238,300	19,190	-	257,490	224,070
Investment Income (Loss), Net	(5,465)	(78,485)	-	(83,950)	107,121
Other	32,144	-	-	32,144	11,156
Net Assets Released From Restrictions	19,188,196	(19,188,196)	-	-	-
Total support and revenue	57,673,530	1,087,279	139,548	58,900,357	49,028,582
Expenses:					
Program Services	55,293,994	-	-	55,293,994	46,708,695
Support Services	1,810,181	-	-	1,810,181	1,693,344
Total expenses	57,104,175	-	-	57,104,175	48,402,039
Change in net assets	569,355	1,087,279	139,548	1,796,182	626,543
Net Assets:					
Beginning	5,161,779	5,843,315	1,761,776	12,766,870	12,140,327
Ending	\$ 5,731,134	\$ 6,930,594	\$ 1,901,324	\$ 14,563,052	\$ 12,766,870

See Notes to Consolidated Financial Statements.

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2015
(With Comparative Totals for 2014)**

	Program Services					Subtotal
	North America	Europe	Middle East	Africa	HQ International	
Commodities Distributed	\$ 2,613,384	\$ 7,195,476	\$ 5,005,638	\$ 1,610,732	\$ 115,970	\$ 16,541,200
Salaries and Benefits	166,432	218,224	3,489,000	516,407	69,242	4,459,305
Site Support	3,254	134,633	1,147,127	346,310	5,000	1,636,324
Training and Seminars	42,549	48	250,069	81,328	-	373,994
Professional Fees	1,561	140,983	316,147	30,757	6,605	496,053
Travel	96,734	55,382	398,194	102,162	20,531	673,003
Construction Costs	-	69,523	5,384,188	58,730	-	5,512,441
Grant to Other Agencies	62,386	1,692,164	18,068,212	443,993	278,533	20,545,288
Office Expenses	7,835	26,886	205,106	78,597	5	318,429
Publications and Advertising	1,955	-	89,118	8,362	1,074	100,509
International Transportation	-	33,778	25,676	-	31,559	91,013
Communications	5,153	5,517	134,610	17,400	1,625	164,305
Vehicle Costs	12,037	17,378	69,379	110,147	596	209,537
Capital Equipment	678	7,730	32,905	55,043	-	96,356
Partner Overhead	-	-	255,782	-	-	255,782
Metropolitan Committee Expense	-	-	-	-	-	-
Internal Transit, Handling and Storage	8,628	9,840	214,592	-	32,153	265,213
Interest and Bank Charges	-	40,964	89,388	11,421	-	141,773
Insurance	645	36	11,891	-	-	12,572
Registration Fees	350	559	3,066	-	-	3,975
Equipment Costs	-	68	10,388	1,041	-	11,497
Depreciation	-	7,837	38,964	21,534	-	68,335
Currency Fluctuations	-	10,535	(19,777)	1,280	50	(7,912)
Other Costs	5,106	1,766	16,002	1,325	821	25,020
Total direct expenses	3,028,687	9,669,327	35,235,665	3,496,569	563,764	51,994,012
Indirect Cost Allocation	45,320	266,796	2,725,832	204,982	57,052	3,299,982
Total expenses	\$ 3,074,007	\$ 9,936,123	\$ 37,961,497	\$ 3,701,551	\$ 620,816	\$ 55,293,994

See Notes to Consolidated Financial Statements.

International Orthodox Christian Charities, Inc. and Affiliate

Consolidated Statement of Functional Expenses (Continued)
Year Ended December 31, 2015
(With Comparative Totals for 2014)

	Support Services			2015 Total	2014 Total
	Management and General	Fundraising	Total Support Services		
Commodities Distributed	\$ -	\$ -	\$ -	\$ 16,541,200	\$ 20,586,227
Salaries and Benefits	2,225,083	872,693	3,097,776	7,557,081	6,600,555
Site Support	-	-	-	1,636,324	1,192,285
Training and Seminars	48,807	734	49,541	423,535	646,765
Professional Fees	476,105	136,246	612,351	1,108,404	931,837
Travel	317,341	109,953	427,294	1,100,297	939,363
Construction Costs	-	-	-	5,512,441	1,544,600
Grant to Other Agencies	-	-	-	20,545,288	13,137,154
Office Expenses	276,323	27,205	303,528	621,957	569,129
Publications and Advertising	24,724	118,856	143,580	244,089	228,523
International Transportation	-	-	-	91,013	255,815
Communications	61,791	104,799	166,590	330,895	373,423
Vehicle Costs	5,258	13,720	18,978	228,515	223,399
Capital Equipment	10,054	2,841	12,895	109,251	88,520
Partner Overhead	-	-	-	255,782	290,063
Metropolitan Committee Expense	-	83,848	83,848	83,848	93,634
Internal Transit, Handling and Storage	-	-	-	265,213	246,450
Interest and Bank Charges	62,624	324	62,948	204,721	113,908
Insurance	46,428	-	46,428	59,000	57,967
Registration Fees	5,099	23,048	28,147	32,122	41,000
Equipment Costs	11,899	-	11,899	23,396	30,952
Depreciation	5,435	-	5,435	73,770	58,652
Currency Fluctuations	129	-	129	(7,783)	73,326
Other Costs	33,784	5,012	38,796	63,816	78,492
Total direct expenses	3,610,884	1,499,279	5,110,163	57,104,175	48,402,039
Indirect Cost Allocation	(3,464,473)	164,491	(3,299,982)	-	-
Total expenses	\$ 146,411	\$ 1,663,770	\$ 1,810,181	\$ 57,104,175	\$ 48,402,039

See Notes to Consolidated Financial Statements.

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidated Statement of Cash Flows
Year Ended December 31, 2015
(With Comparative Totals for 2014)**

	2015	2014
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 1,796,182	\$ 626,543
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	73,770	58,652
Contributions Restricted for Permanent Endowment	(139,548)	(80,780)
Donated Commodities	(13,430,629)	(15,375,559)
Commodities Distributed	16,541,200	20,586,227
Donated Investments	(104,610)	-
Realized / Unrealized Loss (Gain) on Investments, Net	143,043	(40,343)
Changes in Assets and Liabilities:		
(Decrease) Increase in:		
Receivables	3,027,305	(1,638,161)
Commodity Purchases	(2,907,758)	(3,741,059)
Prepaid Expenses, Deposits and Other	(50,009)	57,613
Increase (Decrease) in:		
Accounts Payable	30,699	4,940
Accrued Expenses	567,277	(1,726,292)
Severance Liability	15,618	13,273
Refundable Advances	(2,867,289)	3,634,333
Other Liabilities	796,525	-
Net cash provided by operating activities	3,491,776	2,379,387
Cash Flows From Investing Activities:		
Proceeds From Sales of Investments	742,906	309,925
Purchase of Investments	(784,177)	(308,509)
Purchase of Property and Equipment	(36,801)	(93,323)
Net cash used in investing activities	(78,072)	(91,907)
Cash Flows From Financing Activities:		
Contributions Restricted to Permanent Endowment	139,548	80,780
Net cash provided by financing activities	139,548	80,780
Net increase in cash and cash equivalents	3,553,252	2,368,260
Cash and Cash Equivalents:		
Beginning	8,264,162	5,895,902
Ending	<u>\$ 11,817,414</u>	<u>\$ 8,264,162</u>
Supplemental Schedule of Noncash Operating Activities:		
Donated Commodities	<u>\$ 13,430,629</u>	<u>\$ 15,375,559</u>

See Notes to Consolidated Financial Statements.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: International Orthodox Christian Charities, Inc. and Affiliate (IOCC) consist of two entities: International Orthodox Christian Charities, Inc. and IOCC Foundation, Incorporated.

International Orthodox Christian Charities, Inc. was incorporated on March 10, 1992 as the international humanitarian agency of the Standing Conference of Canonical Orthodox Bishops in the Americas (SCOBA). During 2012, SCOBA transitioned to the Assembly of Canonical Orthodox Bishops of North and Central America. International Orthodox Christian Charities, Inc. is an independent nonprofit corporation governed by a volunteer Board of Directors comprised of clergy and lay persons representing the various Eastern Orthodox jurisdictions in the United States and Canada.

International Orthodox Christian Charities, Inc., in the spirit of Christ's love, offers emergency relief and development programs to those in need worldwide without discrimination, and strengthens the capacity of the Orthodox Church to so respond. In carrying out this mission, IOCC assumes the highest professional standards and renders itself fully accountable to the public and its donors. Assistance is provided solely on the basis of need. Support is derived primarily from grants and donations of various private and government agencies worldwide, as well as monies contributed by organizations affiliated with the Orthodox Church.

IOCC Foundation, Incorporated (the Foundation) is a nonprofit organization which was incorporated in Delaware on October 7, 2004. The Foundation is organized exclusively for charitable and educational purposes for the benefit of International Orthodox Christian Charities, Inc.

A summary of IOCC's significant programs follows:

Agriculture and food security: Programs help rural families raise their levels of nutrition, standard of living and agricultural productivity.

Emergency response: Programs address the immediate needs of people suffering from natural disaster, war or civil unrest.

Education: Programs help improve access to learning for children and youth, as well as nurture local leaders who advocate for their communities and promote the general welfare.

Health: Programs help protect the well-being of communities through prevention and intervention.

Water and sanitation: Programs help improve access to clean and safe water and minimize public health threats in vulnerable communities.

Economic opportunity: Programs give people the tools to work their way out of poverty with dignity.

A summary of the IOCC's significant accounting policies follows:

Basis of accounting: The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: IOCC 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.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Consolidation policy: The accompanying consolidated financial statements include the accounts of International Orthodox Christian Charities, Inc. and its Affiliate, the Foundation, which is under common control due to the majority of Board members overlapping on both International Orthodox Christian Charities, Inc. and the Foundation's Boards. All significant transactions between International Orthodox Christian Charities, Inc. and the Foundation have been eliminated in the consolidation.

Cash and cash equivalents: For purposes of reporting cash flows, IOCC considers all highly liquid investments with a maturity of three months or less to be cash equivalents. All cash and cash equivalents, regardless of maturity, held by the investment advisors, are considered investments.

Financial risk: IOCC maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. IOCC has not experienced any losses in such accounts. IOCC believes it is not exposed to any significant financial risk on cash. Deposits held at institutions outside of the United States are not subject to insurance. At December 31, 2015, \$3,491,330 of deposits were held in numerous financial institutions outside of the United States.

IOCC invests in professionally managed portfolios that primarily contains exchange traded funds, equities, and mutual funds. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Investments: Investments are reflected at fair market value. To adjust the carrying values of these investments, the change in fair market value is charged or credited to current operations.

Receivables: Receivables are comprised mainly of costs in excess of amounts billed on federal and international grants and micro-credit loans. Recoverable costs for federal grants are billable when expenditures are incurred. As these amounts are mainly due from the U.S. government, it is anticipated that all receivables are collectible.

Receivable balances are carried at original invoice amount, less an estimate made for doubtful accounts based on a review of all outstanding invoices on a monthly basis. Management determines the provision for doubtful accounts by regularly evaluating individual amounts due and considers prior history and historical proven collectability. Receivables are considered past due if the invoice has been outstanding for more than 30 days. As of December 31, 2015, there was no provision for doubtful accounts.

Most receivables are contract or sales related. However, in the event that a donor makes an irrevocable promise to pay a set amount in a future reporting period, management records that amount as a receivable.

Included in receivables are micro-credit loans. Micro-credit loans are recorded as an expense to federal programs when funds are initially loaned to the borrower and as revenue upon repayment by the borrower. Subsequent loans are recorded as a receivable. Micro-credit loans are made to individuals and are secured by collateral, which substantially exceeds the loan balance. Collateral values are determined by an appraiser and non-real property collateral is maintained in a bank vault.

Commodity inventory: Commodity inventory consists of commodities, either purchased by IOCC or donated from other non-governmental organizations, for distribution related to specific relief programs that have not been distributed at December 31, 2015. Donated inventory is stated at fair market value and purchased inventory is stated at the lower of cost or market.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Property and equipment: IOCC capitalizes all property and equipment with a cost of \$5,000 or more. Property and equipment is recorded at cost and depreciated on the straight-line basis over estimated useful lives of three to ten years. Leasehold improvements are recorded at cost and depreciated on the straight-line basis over the lesser of the estimated useful life or remaining lease term.

Net assets: Net assets at December 31, are as follows:

Unrestricted net assets: Represents unrestricted resources that are available for the support of general operating activities.

Temporarily restricted net assets: Represents resources unavailable for use in the current period because of the existence of time and/or purpose restrictions that remain unsatisfied at year end.

Permanently restricted net assets: Represents resources whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of IOCC. Earnings on the endowment funds are either temporarily restricted for program and fundraising purposes or are available for operations as specified by the donor.

Support and revenue: All donor-restricted grants and contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Grant revenue is recognized as costs qualified under the grants are incurred. Grant funds received in excess of costs incurred are recorded as refundable advances until earned. Reimbursable grant costs incurred in excess of funds received are recorded as receivables.

Gifts-in-kind: Gift-in-kind revenue is recognized as revenue in circumstances in which IOCC has sufficient discretion over the use and disposition of the items to recognize a contribution. Accordingly, the recognition of gift-in-kind revenue is limited to circumstances in which IOCC takes constructive possession of the gifts-in-kind and IOCC is the recipient of the gift, rather than an agent or intermediary.

IOCC receives books from other non-governmental organizations that provide a value for the shipment based on the average unit value which is calculated from the fair market value information as provided by the publishers. IOCC receives in-kind contributions from faith-based non-governmental organizations of handmade quilts and kits that have been purchased and packaged to be distributed. These in-kind contributions are recorded at the average value of the kits, which is the cost an individual would pay for the items in stores in the United States.

Contributions of medical equipment and supplies are recorded also at estimated wholesale value based upon appropriate wholesale price guides or other online pricing sources as applicable. Non-pharmaceutical gift-in-kind contributions received by IOCC are valued at their estimated wholesale value as provided by the donor, or, in the absence of the donors' valuation, using like-kind methodology that references United States wholesale pricing data for similar products.

Donated time and services are recorded at the fair market value for the position or service provided for the related geographic region. Donated investments are recorded as contributions at their fair market value at the date of donation.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative and fundraising expenses are included in the total direct expenses line of the statement of functional expenses.

Indirect expenses: Indirect costs are charged to all programs based on an estimate of the final indirect cost rate. Any variance between the estimate and the final negotiated rate is adjusted in the period when finalized. During the year ended December 31, 2015, IOCC's indirect cost rate was calculated based on direct costs excluding commodities, construction materials, equipment purchases greater than \$5,000, donated services, micro-credit loans and partner administrative fees.

Foreign currency translation: The functional currency of IOCC is the U.S. dollar. The financial statements and transactions of IOCC's foreign operations are generally maintained in the relevant local currency. Where local currencies are used, assets and liabilities are translated into U.S. dollars at the balance sheet date at the exchange rate in effect at year-end.

Foreign currency transactions: Monthly expenses that are incurred by field offices in foreign countries are translated into U.S. dollars at the rate of exchange in effect during the month of the transaction. Gains and losses from foreign currency transactions are netted with expenses on the statements of activities. Losses on foreign currency fluctuations were \$7,783 for the year ended December 31, 2015.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income tax: International Orthodox Christian Charities, Inc. and IOCC Foundation, Incorporated are generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, they both qualify for charitable contributions deductions and have been classified as organizations that are not private foundations. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. IOCC had no net unrelated business income for the year ended December 31, 2015.

IOCC has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this policy, IOCC may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. Management has evaluated IOCC's tax positions and has concluded that IOCC has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

IOCC would be liable for income taxes in the U.S. federal jurisdiction. Generally, IOCC is no longer subject to U.S. federal tax examinations by tax authorities before 2012.

Prior year information: The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class or function. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with IOCC's consolidated financial statements for the year ended December 31, 2014, from which the summarized information was derived.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Subsequent events: IOCC has evaluated subsequent events through April 13, 2016, which is the date the consolidated financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2015, consist of the following:

Designated for Restricted Net Assets	\$ 8,571,826
Unrestricted:	
Designated:	
Reserve Fund	448,355
Severance Liability	387,076
Undesignated	<u>2,410,157</u>
	<u>\$ 11,817,414</u>

Note 3. Investments and Fair Value Measurements

Investments at December 31, 2015, consist of the following:

Exchange Traded Fund (ETFs)	\$ 1,665,288
Fixed Income	442,458
Mutual Funds	466,306
Stocks	123,214
Cash and Cash Equivalents	<u>42,241</u>
	<u>\$ 2,739,507</u>

Investment loss for the year ended December 31, 2015, consists of the following:

Interest and Dividends	\$ 66,542
Realized and Unrealized Loss, Net	(143,043)
Investment Fees	<u>(7,449)</u>
	<u>\$ (83,950)</u>

IOCC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the guidance as assumptions that market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the guidance are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Listed equities and holdings in mutual funds and ETFs are types of investments included in Level 1.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 2 includes the use of models or other valuation methodologies. Investments which are generally included in this category include corporate loans, less liquid, restricted equity securities and certain corporate bonds and over-the-counter derivatives.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. IOCC's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The following section describes the valuation techniques used by IOCC:

Level 1: Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2: Investments in certificates of deposit at the last reported sales price on the day of valuation. These financial instruments are classified as Level 2 in the fair value hierarchy.

Level 3: Not applicable.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

The following table presents IOCC's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2015:

Description	Assets at Fair Value as of December 31, 2015			
	Total	Level 1	Level 2	Level 3
Exchange Traded Fund (ETFs):				
Commodities	\$ 60,133	\$ 60,133	\$ -	\$ -
Domestic Bond	178,578	178,578	-	-
Domestic Equity	787,854	787,854	-	-
Domestic Real Estate	38,828	38,828	-	-
Foreign Equity	518,645	518,645	-	-
Foreign Real Estate	81,250	81,250	-	-
	<u>1,665,288</u>	<u>1,665,288</u>	-	-
Fixed Income:				
Certificate of Deposit	442,458	-	442,458	-
	<u>442,458</u>	-	<u>442,458</u>	-
Mutual Funds:				
Domestic Equity and Bond	31,600	31,600	-	-
Foreign Bond	267,949	267,949	-	-
Global Bond	166,757	166,757	-	-
	<u>466,306</u>	<u>466,306</u>	-	-
Stocks:				
Domestic Bond	72,576	72,576	-	-
Domestic Equity	31,570	31,570	-	-
Domestic Equity and Bond				
Commodities	19,068	19,068	-	-
	<u>123,214</u>	<u>123,214</u>	-	-
	<u>\$ 2,697,266</u>	<u>\$ 2,254,808</u>	<u>\$ 442,458</u>	<u>\$ -</u>

Cash and cash equivalents temporarily held in the investment portfolio are excluded from the fair value hierarchy as cash is generally measured at cost. As such, \$42,241 of cash and cash equivalents held in investments at December 31, 2015, have been excluded from this table.

Note 4. Receivables

Receivables at December 31, 2015, consist of the following:

Unbilled Receivables	\$ 705,798
Micro-Credit Lending – Bosnia	1,440,133
Advances and Other Receivables	382,432
	<u>\$ 2,528,363</u>

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 5. Commodity Inventory

Commodity inventory at December 31, 2015, consists of the following:

Medical	\$ 1,696,171
Textbooks	98,103
School Kits	340,200
Personal Care and Hygiene Kits	375,600
	<u>\$ 2,510,074</u>

Note 6. Refundable Advances

Refundable advances at December 31, 2015, are available for grant programs in the following areas:

Lebanon	\$ 2,257,475
Jordan	288,222
Syria	159,225
Greece	111,390
Jerusalem/West Bank/Gaza	104,612
Ethiopia	77,181
Serbia	1,078
	<u>\$ 2,999,183</u>

Note 7. Other Liabilities

Other liabilities at December 31, 2015, consists of the following:

Refundable Advance	\$ 242,259
Value Added Tax Received	548,519
Deferred Rent	9,375
	<u>\$ 800,153</u>

Note 8. Line of Credit

IOCC has a \$1,000,000 line of credit agreement with a bank that expires on July 31, 2016. Interest is at the U.S. prime rate plus .5 percent (4.0 percent at December 31, 2015) and is payable monthly. The line of credit is unsecured and renews annually. At December 31, 2015, this line of credit did not have an outstanding balance.

Note 9. Leases

IOCC has a lease for office space for the Baltimore, Maryland office through March 31, 2020. Overseas offices have short-term leases. Total rent expense for the year ended December 31, 2015, including overseas offices and other operating leases, was \$314,338.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 9. Leases (Continued)

Future minimum rental payments are as follows:

Years Ending December 31:	
2016	\$ 121,799
2017	109,400
2018	111,224
2019	114,561
2020	38,943
	<u>\$ 495,927</u>

Note 10. Board Designated Net Assets

The Board of Directors designated net assets for the establishment of a reserve fund. The board designated fund is included in cash and cash equivalents and investments on the consolidated statement of financial position. At December 31, 2015, the board designated net assets comprise a reserve fund of \$1,000,000.

Note 11. Temporarily Restricted Net Assets

Temporarily restricted net assets include donor restricted funds which are only available for program activities. Temporarily restricted net assets were released from restrictions during the year ended December 31, 2015, due to the purpose restriction being accomplished.

Changes in temporarily restricted net assets during 2015, were as follows:

	Balance December 31, 2014	Additions/ Investment Income (Loss)	Released	Balance December 31, 2015
IOCC:				
USA	\$ 207,982	\$ 257,434	\$ (248,760)	\$ 216,656
HQ International	2,694,728	4,437,053	(4,984,531)	2,147,250
Greece	1,380,954	9,754,235	(8,000,027)	3,135,162
Lebanon/Syria	570,434	3,600,252	(3,360,016)	810,670
Jordan	931	101,463	(55,681)	46,713
Jersusalem/ West Bank/ Gaza	45,695	81,611	(105,741)	21,565
Ethiopia/Uganda	412,564	1,802,410	(2,142,019)	72,955
Western Balkans Region	158,323	306,468	(225,773)	239,018
Georgia	3,276	8,130	(8,000)	3,406
	<u>5,474,887</u>	<u>20,349,056</u>	<u>(19,130,548)</u>	<u>6,693,395</u>
Foundation	368,428	(73,581)	(57,648)	237,199
	<u>\$ 5,843,315</u>	<u>\$ 20,275,475</u>	<u>\$ (19,188,196)</u>	<u>\$ 6,930,594</u>

Note 12. Permanently Restricted Net Assets

IOCC: Permanently restricted net assets for IOCC at December 31, 2015, consist of endowments totaling \$281,500. Interest earned on the endowments of \$131,500 does not have any purpose restrictions and is immediately appropriated by IOCC. As interest earned on the endowments of \$150,000 has purpose restrictions, it is added to temporary restricted assets and released as expenses are incurred.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 12. Permanently Restricted Net Assets (Continued)

Foundation: Permanently restricted net assets for the Foundation are restricted to investments in perpetuity, the income from which is expendable to support various activities.

Permanently restricted net assets of the Foundation consist of the following endowment funds at December 31, 2015:

Spiris Fund	\$ 366,700
Styliades Fund	635,593
Tsakalos Fund	118,415
Anthony Fund	459,116
Panos Fund	40,000
	<u>\$ 1,619,824</u>

Note 13. Endowment Funds

IOCC's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. 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. Accordingly, IOCC's endowment is classified into unrestricted quasi-endowments, temporarily restricted unexpended endowment earnings and permanently restricted net assets (collectively referred to as the Endowment).

The Board of Directors of IOCC has interpreted the Delaware-enacted version of the Uniform Prudent Management of Institutional Fund Act (UPMIFA) 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, IOCC 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 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 expenditures by IOCC in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, IOCC considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of IOCC and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effects of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of IOCC
- g. The investment policies of IOCC

IOCC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets.

International Orthodox Christian Charities, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 13. Endowment Funds (Continued)

All earnings for the endowment are reflected as temporarily restricted net assets until appropriated for expenditure by the Board of Directors.

IOCC's endowment funds consist of the following at December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds, IOCC	\$ -	\$ 985	\$ 281,500	\$ 282,485
Donor Restricted Endowment Funds, Foundation	-	237,199	1,619,824	1,857,023
Board Designated Endowment Funds	1,000,000	-	-	1,000,000
	<u>\$ 1,000,000</u>	<u>\$ 238,184</u>	<u>\$ 1,901,324</u>	<u>\$ 3,139,508</u>

Endowment fund activity for the year ended December 31, 2015, consists of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of the Year	\$ 1,000,000	\$ 374,434	\$ 1,761,776	\$ 3,136,210
Investment Return:				
Interest and Dividends	-	55,227	-	55,227
Realized and Unrealized Gain	-	(126,380)	-	(126,380)
Investment Fees	-	(7,449)	-	(7,449)
Contributions	-	-	139,548	139,548
Appropriations	-	(57,648)	-	(57,648)
Endowment Net Assets, End of the Year	<u>\$ 1,000,000</u>	<u>\$ 238,184</u>	<u>\$ 1,901,324</u>	<u>\$ 3,139,508</u>

Net Assets at December 31, 2015 are Summarized as Follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets	\$ 1,000,000	\$ 238,184	\$ 1,901,324	\$ 3,139,508
Other	4,731,134	6,692,410	-	11,423,544
Total Net Assets	<u>\$ 5,731,134</u>	<u>\$ 6,930,594</u>	<u>\$ 1,901,324</u>	<u>\$ 14,563,052</u>

Note 14. Retirement Plan

IOCC sponsors a 403(b) retirement savings and investment plan (the Plan) for eligible employees. All full-time employees completing 12 months of continuous service are eligible for the Plan. For eligible participating employees, IOCC will contribute up to 5 percent of the employee's gross salary. Retirement plan expense for the year ended December 31, 2015, was \$93,721.

Note 15. Contingencies

IOCC participates in a number of federally assisted grant programs, which are subject to financial and compliance audits by federal agencies or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
International Orthodox Christian Charities, Inc. and Affiliate
Baltimore, Maryland

We have audited the consolidated financial statements of International Orthodox Christian Charities, Inc. and Affiliate (IOCC) as of and for the year ended December 31, 2015, and have issued our report thereon, which contained an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and other supplementary information is presented for purposes of additional analysis rather than to present the financial position and results of activities of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating and other supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Baltimore, Maryland
April 13, 2016

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidating Statement of Financial Position
December 31, 2015**

	IOCC	Foundation	Elimination Entries	Total
Assets				
Cash and Cash Equivalents	\$ 11,791,434	\$ 25,980	\$ -	\$ 11,817,414
Investments	882,984	1,856,523	-	2,739,507
Receivables, Net	2,528,363	500	(500)	2,528,363
Prepaid Expenses	117,654	-	-	117,654
Deposits and Other	10,133	-	-	10,133
Due From the Foundation	4,707	-	(4,707)	-
Commodity Inventory	2,510,074	-	-	2,510,074
Property and Equipment, Net	91,777	-	-	91,777
	<u>\$ 17,937,126</u>	<u>\$ 1,883,003</u>	<u>\$ (5,207)</u>	<u>\$ 19,814,922</u>

Liabilities and Net Assets

Liabilities:

Accounts Payable	\$ 123,520	\$ -	\$ (500)	\$ 123,020
Accrued Expenses and Other Liabilities	931,820	-	-	931,820
Severance Liability	397,694	-	-	397,694
Due to IOCC	-	4,707	(4,707)	-
Refundable Advances	2,999,183	-	-	2,999,183
Other Liabilities	800,153	-	-	800,153
	<u>5,252,370</u>	<u>4,707</u>	<u>(5,207)</u>	<u>5,251,870</u>

Commitments and Contingencies

Net Assets:

Unrestricted:

Undesignated	4,709,861	21,273	-	4,731,134
Board Designated	1,000,000	-	-	1,000,000
	<u>5,709,861</u>	<u>21,273</u>	<u>-</u>	<u>5,731,134</u>
Temporarily Restricted	6,693,395	237,199	-	6,930,594
Permanently Restricted	281,500	1,619,824	-	1,901,324
	<u>12,684,756</u>	<u>1,878,296</u>	<u>-</u>	<u>14,563,052</u>

	<u>\$ 17,937,126</u>	<u>\$ 1,883,003</u>	<u>\$ (5,207)</u>	<u>\$ 19,814,922</u>
--	----------------------	---------------------	-------------------	----------------------

International Orthodox Christian Charities, Inc. and Affiliate

**Consolidating Statement of Activities
Year Ended December 31, 2015**

	IOCC				Foundation				Elimination Entries	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total		
Support and Revenue:										
Grants:										
Federal, Cash and In-Kinds	\$ 20,205,967	\$ -	\$ -	\$ 20,205,967	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,205,967
International Agencies	12,471,074	2,508,016	-	14,979,090	-	-	-	-	-	14,979,090
Contributions:										
In-Kind	142,822	13,320,032	-	13,462,854	-	-	-	-	-	13,462,854
Orthodox Church Institutions	618,039	1,227,049	-	1,845,088	-	-	-	-	-	1,845,088
Individual	2,911,512	859,659	-	3,771,171	17,901	-	139,548	157,449	-	3,928,620
Foundations	1,094,569	2,154,639	-	3,249,208	-	-	-	-	(57,648)	3,191,560
Metropolitan Committee Events	751,956	265,375	-	1,017,331	-	-	-	-	-	1,017,331
Micro-Credit Loan Interest	64,163	-	-	64,163	-	-	-	-	-	64,163
CFC/United Way	238,300	19,190	-	257,490	-	-	-	-	-	257,490
Investment Income, Net	(5,465)	(4,904)	-	(10,369)	-	(73,581)	-	(73,581)	-	(83,950)
Other	51,040	-	-	51,040	-	-	-	-	(18,896)	32,144
Net Assets Released From Restrictions	19,130,548	(19,130,548)	-	-	57,648	(57,648)	-	-	-	-
Contribution to Foundation	-	-	-	-	21,710	-	-	21,710	(21,710)	-
Total support and revenue	57,674,525	1,218,508	-	58,893,033	97,259	(131,229)	139,548	105,578	(98,254)	58,900,357
Expenses:										
Program Services	55,293,994	-	-	55,293,994	57,648	-	-	57,648	(57,648)	55,293,994
Support Services	1,828,301	-	-	1,828,301	22,486	-	-	22,486	(40,606)	1,810,181
Total expenses	57,122,295	-	-	57,122,295	80,134	-	-	80,134	(98,254)	57,104,175
Change in net assets	552,230	1,218,508	-	1,770,738	17,125	(131,229)	139,548	25,444	-	1,796,182
Net Assets:										
Beginning	5,157,631	5,474,887	281,500	10,914,018	4,148	368,428	1,480,276	1,852,852	-	12,766,870
Ending	\$ 5,709,861	\$ 6,693,395	\$ 281,500	\$ 12,684,756	\$ 21,273	\$ 237,199	\$ 1,619,824	\$ 1,878,296	\$ -	\$ 14,563,052

International Orthodox Christian Charities, Inc. and Affiliate

**Schedule of Program Expenses by Region
Year Ended December 31, 2015**

Region	Country	Amount	Total Per Functional Expense Schedule
North America	USA	\$ 3,074,007	\$ 3,074,007
Europe	Romania	35,149	-
	Bosnia and Herzegovina	137,964	-
	Serbia	675,545	-
	Republic of Georgia	64,753	-
	Ukraine	21,902	-
	Montenegro	54,810	-
	Greece	8,946,000	9,936,123
Middle East	Lebanon	10,953,331	-
	Jerusalem/West Bank/Gaza	1,498,195	-
	Syria	22,122,822	-
	Jordan	2,665,639	-
	Iraq	721,510	37,961,497
Africa	Ethiopia	3,593,382	-
	Uganda	108,169	3,701,551
HQ International	Multi-Country	620,816	620,816
		<u>\$ 55,293,994</u>	<u>\$ 55,293,994</u>