

Convoy of Hope, Incorporated

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2015 and 2014

Convoy of Hope, Incorporated
December 31, 2015 and 2014

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Independent Auditor's Report

Board of Directors
Convoy of Hope, Incorporated
Springfield, Missouri

We have audited the accompanying consolidated financial statements of Convoy of Hope, Incorporated, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
Convoy of Hope, Incorporated
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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Convoy of Hope, Incorporated as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Springfield, Missouri
October 3, 2016

Convoy of Hope, Incorporated
Consolidated Statements of Financial Position
December 31, 2015 and 2014

Assets

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 4,645,285	\$ 7,413,764
Assets held by field operations	83,825	153,492
Assets held by others	124,578	127,297
Investments	2,174,076	2,034,266
Amounts due from other organizations	325,414	347,619
Accounts and other receivables	133,623	128,802
Grants receivable	73,704	26,160
Pledges receivable	-	500,000
Inventory	30,530,538	25,680,842
Cash value of life insurance	175,023	106,249
Other assets	3,322	6,609
Prepaid expenses	105,590	81,979
Property and equipment, net	<u>10,296,830</u>	<u>11,043,792</u>
Total assets	<u>\$ 48,671,808</u>	<u>\$ 47,650,871</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 1,083,689	\$ 1,758,406
Notes payable	<u>4,448,873</u>	<u>5,429,365</u>
Total liabilities	<u>5,532,562</u>	<u>7,187,771</u>

Net Assets

Unrestricted	17,413,762	18,417,659
Temporarily restricted	25,598,500	21,918,457
Permanently restricted	<u>126,984</u>	<u>126,984</u>
Total net assets	<u>43,139,246</u>	<u>40,463,100</u>
Total liabilities and net assets	<u>\$ 48,671,808</u>	<u>\$ 47,650,871</u>

Convoy of Hope, Incorporated
Consolidated Statements of Activities
Years Ended December 31, 2015 and 2014

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, Gains and Other Support				
Contributions	\$ 13,947,517	\$ 9,193,623	\$ -	\$ 23,141,140
Public cash and food commodity grants	448,460	-	-	448,460
Gifts-in-kind	23,877,799	81,663,942	-	105,541,741
Investment return	829,126	-	-	829,126
Other income	994,612	-	-	994,612
Change in donor restrictions	(200,000)	200,000	-	-
Net assets released from restriction due to satisfaction of program restrictions	<u>87,377,522</u>	<u>(87,377,522)</u>	<u>-</u>	<u>-</u>
 Total revenue, gains and other support	 <u>127,275,036</u>	 <u>3,680,043</u>	 <u>-</u>	 <u>130,955,079</u>
Expenses and Losses				
Program services	115,242,591	-	-	115,242,591
Fundraising	9,249,471	-	-	9,249,471
Administration	<u>3,786,871</u>	<u>-</u>	<u>-</u>	<u>3,786,871</u>
 Total expenses and losses	 <u>128,278,933</u>	 <u>-</u>	 <u>-</u>	 <u>128,278,933</u>
Change in Net Assets	(1,003,897)	3,680,043	-	2,676,146
Net Assets, Beginning of Year	<u>18,417,659</u>	<u>21,918,457</u>	<u>126,984</u>	<u>40,463,100</u>
Net Assets, End of Year	<u>\$ 17,413,762</u>	<u>\$ 25,598,500</u>	<u>\$ 126,984</u>	<u>\$ 43,139,246</u>

2014

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 13,624,940	\$ 9,504,330	\$ 59,492	\$ 23,188,762
219,485	-	-	219,485
24,160,416	64,991,554	-	89,151,970
39,447	313	-	39,760
887,557	-	-	887,557
(180,000)	180,000	-	-
73,859,834	(73,859,834)	-	-
112,611,679	816,363	59,492	113,487,534
96,592,636	-	-	96,592,636
9,178,276	-	-	9,178,276
3,880,477	-	-	3,880,477
109,651,389	-	-	109,651,389
2,960,290	816,363	59,492	3,836,145
15,457,369	21,102,094	67,492	36,626,955
\$ 18,417,659	\$ 21,918,457	\$ 126,984	\$ 40,463,100

Convoy of Hope, Incorporated
Consolidated Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services					Support Services				
	Community Development	Community Events	Disaster Response	Partner Resourcing	Noncore Mission Initiatives	Total Program Services	Fundraising	Administration	Total Support Services	Total
Advertising and general promotion	\$ 5,497	\$ 117,149	\$ 8,097	\$ -	\$ -	\$ 130,743	\$ 109,139	\$ -	\$ 109,139	\$ 239,882
Communications and telephone	18,288	2,916	32,695	529	112	54,540	24,218	79,878	104,096	158,636
Contract labor	154,506	1,150	15,556	759	27,218	199,189	248,270	14,081	262,351	461,540
Depreciation	316,232	41,355	123,976	167,970	15,942	665,475	197,111	203,981	401,092	1,066,567
Equipment, tools and rentals	-	7,028	22,122	28,512	768	58,430	6,370	27,042	33,412	91,842
Feeding, outreach, relief and resourcing	1,269,255	350,831	924,316	756,118	-	3,300,520	-	-	-	3,300,520
Gifts-in-kind	30,706,604	3,283,589	7,531,725	59,385,795	201,525	101,109,238	-	-	-	101,109,238
Grants to other ministries	1,081,602	136,879	490,400	-	722,600	2,431,481	-	41,600	41,600	2,473,081
Insurance	33,840	36	627	60,702	239	95,444	3,489	271,472	274,961	370,405
Interest	-	-	-	-	-	-	-	121,004	121,004	121,004
Licenses and fees	10,965	-	10,013	57,518	501	78,997	227,237	80,797	308,034	387,031
Occupancy	156,551	-	43,781	2,611	-	202,943	-	139,083	139,083	342,026
Office equipment and supplies	645,880	10,145	38,634	6,758	33,367	734,784	18,118	36,699	54,817	789,601
Postage and freight	35,315	420	461	1,397	273	37,866	175,557	2,843	178,400	216,266
Printing and publications	16,135	20,223	575	714	1,122	38,769	241,395	3,730	245,125	283,894
Professional services	1,161	-	10,003	27,284	-	38,448	470,606	134,002	604,608	643,056
Repairs and maintenance	55,558	-	42,485	132,629	-	230,672	87,952	139,128	227,080	457,752
Salaries, benefits and taxes	1,946,173	405,487	664,095	724,527	118,935	3,859,217	4,516,535	2,210,266	6,726,801	10,586,018
Shipping - outbound (third-party)	-	-	-	339,774	-	339,774	-	-	-	339,774
Special events	-	-	-	-	-	-	2,074,623	200	2,074,823	2,074,823
Taxes	-	-	-	-	-	-	-	95,343	95,343	95,343
Travel, conferences and training	1,178,044	207,188	180,118	17,284	31,013	1,613,647	817,006	166,802	983,808	2,597,455
Other	16,096	158	3,119	33	3,008	22,414	31,845	18,920	50,765	73,179
Total functional expenses	\$ 37,647,702	\$ 4,584,554	\$ 10,142,798	\$ 61,710,914	\$ 1,156,623	\$ 115,242,591	\$ 9,249,471	\$ 3,786,871	\$ 13,036,342	\$ 128,278,933

Convoy of Hope, Incorporated
Consolidated Statement of Functional Expenses
Year Ended December 31, 2014

	Program Services					Support Services					Total
	Community Development	Community Events	Disaster Response	Partner Resourcing	Noncore Mission Initiatives	Total Program Services	Fundraising	Administration	Total Support Services		
Advertising and general promotion	\$ 14,937	\$ 90,093	\$ 8,202	\$ -	\$ 268	\$ 113,500	\$ 223,791	\$ -	\$ 223,791	\$ 337,291	
Communications and telephone	19,438	168	8,914	509	-	29,029	17,629	80,373	98,002	127,031	
Contract labor	68,582	2,990	5,730	10,085	51,330	138,717	393,115	44,353	437,468	576,185	
Depreciation	304,195	21,778	100,648	123,457	-	550,078	97,653	197,414	295,067	845,145	
Equipment, tools and rentals	63,759	7,048	30,879	28,774	90	130,550	10,934	17,611	28,545	159,095	
Feeding, outreach, relief and resourcing	1,881,512	340,723	1,777,062	929,757	7,106	4,936,160	25,374	11,537	36,911	4,973,071	
Gifts to other ministries	1,441,300	55,000	435,519	3,500	592,790	2,528,109	50,500	27,275	77,775	2,605,884	
Gifts-in-kind	45,421,292	2,280,732	4,536,118	30,025,920	-	82,264,062	-	-	-	82,264,062	
Insurance	30,833	-	385	51,728	-	82,946	3,585	251,065	254,650	337,596	
Interest	-	-	-	-	-	-	-	113,027	113,027	113,027	
Licenses and fees	11,498	2,000	2,813	39,710	11	56,032	123,748	52,590	176,338	232,370	
Postage and freight	13,752	167	824	1,376	-	16,119	193,968	4,460	198,428	214,547	
Printing and publications	13,471	14,982	1,339	1,047	5,101	35,940	220,867	12,536	233,403	269,343	
Professional services	14,288	-	-	-	25	14,313	603,697	169,160	772,857	787,170	
Repairs and maintenance	55,904	-	55,840	154,608	-	266,352	17,223	129,878	147,101	413,453	
Salaries and benefits	1,766,114	372,359	710,264	653,698	120,586	3,623,021	4,259,664	2,203,394	6,463,058	10,086,079	
Shipping - outbound (third-party)	-	-	-	239,599	-	239,599	-	-	-	239,599	
Supplies	33,712	337	2,088	6,008	2,615	44,760	14,740	32,258	46,998	91,758	
Taxes	-	-	-	-	-	-	-	105,036	105,036	105,036	
Travel and special events	937,239	141,523	122,082	21,145	9,459	1,231,448	2,785,462	234,810	3,020,272	4,251,720	
Occupancy	186,504	-	35,977	-	-	222,481	-	130,559	130,559	353,040	
Other	53,968	1,141	12,158	287	1,866	69,420	136,326	63,141	199,467	268,887	
Total functional expenses	\$ 52,332,298	\$ 3,331,041	\$ 7,846,842	\$ 32,291,208	\$ 791,247	\$ 96,592,636	\$ 9,178,276	\$ 3,880,477	\$ 13,058,753	\$ 109,651,389	

Convoy of Hope, Incorporated
Consolidated Statements of Cash Flows
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Activities		
Change in net assets	\$ 2,676,146	\$ 3,836,145
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,066,567	845,145
Loss on disposition of equipment	1,218	-
Equipment contributions	(15,500)	(7,000)
Investment contributions	(450,866)	(647,549)
Net realized and unrealized (gain) loss on investments	(754,950)	13,477
Increase in gift-in-kind inventory	(4,676,560)	(7,030,742)
Increase in cash value of life insurance	(68,774)	(71,629)
Changes in operating assets and liabilities		
Assets held by field operations	69,667	44,149
Amounts due from other organizations	22,205	214,591
Accounts and other receivables	(4,821)	31,444
Grants receivable	(47,544)	(26,160)
Prepaid expenses and other assets	(20,324)	71,176
Pledges receivable	500,000	(500,000)
Purchased inventory	(173,136)	(60,780)
Accounts payable and accrued expenses	(674,717)	133,606
	<u>(2,551,389)</u>	<u>(3,154,127)</u>
Net cash used in operating activities		
Investing Activities		
Acquisition of equipment	(305,323)	(2,263,665)
Acquisition of investments	(148,127)	(757,220)
Proceeds from sale of investments	1,216,852	703,223
	<u>763,402</u>	<u>(2,317,662)</u>
Net cash provided by (used in) investing activities		
Financing Activities		
Borrowings under line of credit agreement	1,250,000	-
Repayments under line of credit agreement	(1,250,000)	-
Proceeds from issuance of notes payable	-	585,000
Principal payments on notes payable	(980,492)	(420,250)
	<u>(980,492)</u>	<u>164,750</u>
Net cash provided by (used in) financing activities		
Decrease in Cash and Cash Equivalents	(2,768,479)	(5,307,039)
Cash and Cash Equivalents, Beginning of Year	<u>7,413,764</u>	<u>12,720,803</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,645,285</u>	<u>\$ 7,413,764</u>
Supplemental Cash Flows Information		
Interest paid	\$ 121,004	\$ 113,027

Convoy of Hope, Incorporated

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Convoy of Hope, Incorporated (the “Organization”) is a faith-based entity, headquartered in Springfield, Missouri, with a driving passion to feed the world. The Organization impacts lives through four primary service areas:

- *Community development* – The Organization not only provides meals as part of its international feeding initiative to eradicate hunger, but also creates sustainable solutions to help strengthen communities through agricultural initiatives, women’s empowerment education and rural community involvement. In addition, field teams provide individuals an opportunity to serve people around the world through projects within programs.
- *Community events* – The Organization provides guests of honor with unconditional love and acceptance through the mobilization, training and resourcing of volunteers from local churches, businesses and communities. Inner city outreach events, primarily conducted in the United States, feature resources such as free medical and dental screenings, haircuts, food, job placement assistance, entertainment, groceries and connection to local churches and community organizations.
- *Disaster response* – The Organization provides initial response teams, incident support and long-term recovery solutions through its dedicated volunteer network, fleet of tractor-trailers, 300,000 square foot world distribution center and on-the-ground partners. Since 1998, the Organization has quickly and effectively provided emergency food, water, shelter and supplies to survivors throughout the world.
- *Partner resourcing* – Through collaboration with other like-minded organizations throughout the world, the Organization is able to expand its reach by supplying and empowering other organizations with food and other products.

Administrative activities include the functions necessary to support the Organization’s program activities. Administrative activities include those activities that provide governance (Board of Directors), oversight, business and compliance management, financial record keeping, budgeting, legal services, information technology, human resource management and similar activities.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with the solicitation of money, securities, services, materials, facilities, other assets, or time from individuals, businesses, foundations, government agencies and others.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of Convoy of Hope, Incorporated and its wholly owned and controlled affiliates (collectively, the “Organization”): Convoy of Hope Foundation (Foundation) and Asper COH Investment Holdings, LLC (ACIHLIC). All intercompany transactions and accounts have been eliminated.

Convoy of Hope, Incorporated

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

The Foundation is comprised of two entities, a trust (Convoy of Hope Foundation) and a corporate trustee (Convoy of Hope Corporation) established by Convoy of Hope, Incorporated, in 2013 under the laws of the State of Delaware as supporting organizations. Both Foundation entities are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and corresponding Delaware provisions.

ACIHLLC is a single-purpose entity organized by Convoy of Hope, Incorporated, in 2012 under the laws of the State of Delaware to invest, reinvest, manage, hold, sell, exchange, transfer and otherwise dispose of the assets.

The Organization prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) for Not-For-Profits. The net assets, revenues, gains, and other support and expenses in the accompanying consolidated financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated by the board of directors for specific purposes at any time.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that may or will be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Permanently restricted net assets are resources subject to donor-imposed stipulations to be invested in perpetuity, and only the income may be available for program and operations.

The Organization is supported primarily through individuals, churches and businesses who give cash and in-kind donations.

Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based on historical experience and various other factors. The actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents, unless the investments are held for meeting restrictions of a capital or endowment nature. At December 31, 2015 and 2014, cash equivalents consisted primarily of AG Financial Services loan fund demand deposits and bank repurchase agreements.

Convoy of Hope, Incorporated
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

At December 31, 2015, the Organization had approximately \$3,182,000 in cash and cash equivalents, which were not insured or guaranteed by the FDIC.

Assets Held by Field Operations

The Organization operates in seven foreign field offices using local currency. Assets held by field operations are primarily remaining cash positions of funds forwarded to project field sites for use in carrying out program activities. The field office net assets have been translated at foreign exchange rates in effect at December 31, 2015 and 2014. Foreign office transactions are reported in the foreign currency and converted at the rate in effect at the end of the reporting quarter. Foreign currency transaction gains and losses are included in the determination of the change in net assets.

Assets Held By Others

Assets held by others are board-designated endowment assets, consisting of cash and cash equivalents, held in an irrevocable trust by Assemblies of God Foundation (AG Foundation).

Investments and Investment Return

Investments in equity securities having a readily determinable fair value are recorded at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments. Investment return is reflected in the consolidated statements of activities as unrestricted based upon the absence of any donor or legally imposed restrictions. The Organization's marketable securities are held in trust at Charles Schwab and ADM Investor Services.

Donor advised funds (the "Funds") are amounts available for distribution to support public charitable organizations whose purposes are not adverse to the mission of the Organization. Assets of the Funds include the initial gift made in creating the fund, any subsequent property gifts made into the Funds and all income and other proceeds from the foregoing property. The Organization recognizes income to the Funds when assets are contributed. The Funds are the property of the Organization and may be commingled with other funds held by it. The Organization has ultimate authority and control over all property in the Funds. Grants from the Funds are typically initiated when the donor recommends which other organizations should receive grants from their Fund. The Organization usually follows such recommendations, though it is not required to do so. All grants made to other organizations from the Funds are recorded as gifts to other ministries under program expenses.

Convoy of Hope, Incorporated
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Amounts Due from Other Organizations

Amounts due from other organizations are primarily amounts collected by the General Council of the Assemblies of God (GCAG) and its affiliates on behalf of the Organization. Management believes all amounts are collectible in full, therefore no allowance for uncollectible amounts has been provided.

Accounts and Other Receivables

Accounts receivable consist primarily of unsecured amounts due from tenants and ocean freight partners. Management believes all amounts are collectible in full, therefore no allowance for uncollectible amounts has been provided. If amounts become uncollectible, those amounts will be charged to operations when that determination is made.

Inventory

Inventory consists of purchased supplies and donated food, medical products and other supplies. Purchased inventory is stated at the lower of cost or market. Donated inventory is stated at fair value as disclosed below under *Gifts-in-Kind Contributions*. Donated inventory is intended for distribution to qualified organizations only, and is not available for sale. Management periodically evaluates the net realizable value of all inventories to ensure any impairment is recognized in the period in which it is incurred.

Property and Equipment

Items purchased as land, buildings, building improvements, furniture, equipment and vehicles are recorded at historical cost. Donated items are recorded at fair market value on the date of the gift. Depreciation of buildings, building improvements, furniture, equipment and vehicles is computed using the straight-line method over the estimated useful lives of the assets. All land and buildings are capitalized. Equipment with a cost over \$1,000 and a useful life of more than three years is capitalized. Repairs and maintenance costs not significantly increasing the useful life of the asset are expensed as incurred.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	40 years
Building improvements	15 years
Furniture and equipment	3-10 years
Transportation equipment	7 years

Convoy of Hope, Incorporated
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2015 and 2014.

Contributions

The Organization follows ASC Subtopic 958-605, *Revenue Recognition*, to recognize cash and gift-in-kind contributions from individuals and domestic and multi-national organizations. Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred. Gifts-in-kind (including inventory, securities, property and equipment) are recorded at fair value at the date of the gift.

Contributions other than gifts-in-kind are primarily cash contributions derived from ongoing fundraising initiatives. All contributions are considered to be available for unrestricted use unless specified by the donor. Bequests are recorded as income and contribution receivable when the probate court declares the will is valid and the Organization has an irrevocable right to the bequest. Contributions receivable are unrestricted and are expected to be received within a year, therefore no present value discount has been recorded.

Restricted contributions received by the Organization may have a twelve percent, with a ceiling of twenty percent, assessment applied at the time of donation to cover fundraising and administrative costs. At the time of assessment, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the consolidated statement of activities as a component of net assets released due to satisfaction of program restrictions. The Organization's actual overhead rate applied to restricted contributions in connection with this policy was 17.0% and 16.2%, for the years ended December 31, 2015 and 2014, respectively.

The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the asset. A donor restriction expires when the stipulated time ends or purpose restriction is accomplished. In addition, if restricted contributions exceed the need of a crisis, the capacity to respond to a crisis and/or when local conditions prevent effective assistance, the Organization's Board may reallocate these funds to ensure the Organization fulfills its global mission of helping children and families in need. Temporarily restricted net assets are then reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Convoy of Hope, Incorporated
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Gifts-in-Kind Contributions

Donated inventory (consisting of food, supplies, medicines, medical supplies and other goods) for use in ministry programs is recorded as inventory and contribution revenue at its estimated fair value at the date of donation, taking into consideration inventory condition and utility for use. All donated inventory is received from private organizations, not-for-profit entities, or under government agreements and is considered to be unrestricted support unless the inventory explicitly contains donor restrictions. The Organization only records the value of donated inventory in which it was either the original recipient of the gift, was involved in partnership with the end-user organization for distribution domestically or internationally, or used in the Organization's programs. The Organization does not sell donated gifts-in-kind (GIK) and only distributes the goods for program use.

Donated property and equipment is recorded as temporarily restricted if donors stipulate how or how long the asset must be used. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Donated use of facilities is recorded as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is recorded as a contribution and the expense is recorded over the term of use.

In accordance with interagency standards established by the Accord Network, the Organization only records the value of gifts-in-kind for which it receives and exercises variance power, which is the discretion to distribute or redistribute the commodity without the donor's prior consent in accordance with its mission and purpose.

Accordingly, food and supply donations are valued as noncash contributions at estimated fair value as provided by the donor or, in the absence of donors' valuations, based on the Organization's estimate of fair value based upon estimates of the wholesale values that would be received for selling goods in their principal exit market considering their condition and utility for use at the time the goods are contributed by the donor. Pharmaceutical donations are valued at estimated fair value based predominantly on partner donor valuations, which approximate either Wholesale Acquisition Cost or Average Wholesale Price. In the absence of donors' valuations, the Organization estimates Average Wholesale Price.

Donated inventory with specific geographic or purpose restrictions are recognized as temporarily restricted contributions. Donor restrictions are satisfied, and donated inventory is released from restriction and reclassified as unrestricted, when the donated product has been shipped. Donated inventories received with conditions, such as provision that they cannot be distributed within the United States, are considered limitations rather than purpose restrictions and are therefore reported as unrestricted contributions.

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Contributed Services

The Organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Organization's programs and support service operations. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills and are provided by individuals possessing those skills. Contribution revenue recognized from contributed services consisted of:

	2015	2014
Professional labor hours for Community Events	\$ 800,990	\$ 1,087,058
Professional labor hours for Disaster Response	21,651	9,539
CDL driver hours for Partner Resourcing	178,281	154,265
	\$ 1,000,922	\$ 1,250,862

Public Cash and Food Commodity Grants

Certain projects of the Organization are assisted by federal cash and food commodity grants through the United States Agency of International Development's (USAID) Office of Food for Peace and Office of Development Partners, Private and Voluntary Cooperation Division, as well as, the United States (US) Department of State's US Embassy in San Salvador.

Revenues from grants are deemed earned and recognized in the consolidated statement of activities when qualifying costs are incurred for the purposes specified. Grant funds that have been received in advance of qualifying costs being incurred are reported as deferred revenue. Food commodities are valued using guidelines published by the United States Department of Agriculture and USAID. Food contribution revenue granted for distribution is generally recognized when the commodities are delivered to the ultimate destination. Grant activities and outlays may be subject to audit and acceptance by grantor agencies. These reviews could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes costs ultimately disallowed, if any, would not materially affect the consolidated financial position of the Organization.

Income Taxes

Originally registered as New Era Ministries, Inc. in 1984, the Organization changed its legal name to ChurchCare America, Inc., and then, in 2002, to Convoy of Hope, Incorporated. The Organization incorporated under the laws of the State of California and is exempt from federal income taxes on income related to its exempt purposes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the code.

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The Organization is subject to tax on unrelated business income and, accordingly, pays estimated taxes. In accordance with the provisions associated with accounting for uncertainty in income taxes, management has analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported. Additionally, management believes that no accruals for tax liabilities related to uncertain income tax positions are required. Therefore, no reserves for uncertain income tax positions have been recorded.

There have been no increases or decreases in unrecognized tax benefits for current or prior years. Further, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, interest and penalties will be reported as a component of income tax expense. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2012.

As a publicly supported entity, the Organization is classified as a public charity under Section 509(a)(1) of the Code and the Foundation entities are classified as public charities under Section 509(a)(3) of the Code. Contributions to the Organization are tax deductible to donors under section 170 of the Code.

Functional Expense Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the consolidated statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions, such as depreciation and payroll, have been allocated among the various functions benefited based on management's estimates.

Administrative and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, the policy to account for joint costs that include fundraising is to allocate all costs which have a fundraising component as 100% fundraising.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. These reclassifications had no effect on the change in net assets.

Convoy of Hope, Incorporated
Notes to Consolidated Financial Statements
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Note 2: Investments and Investment Return

Investments at December 31 consisted of the following:

	2015	2014
	<hr/>	<hr/>
Equity securities		
American Airlines Group, Inc.	\$ -	\$ 1,931
Cadence Design System	-	10,054
O'Reilly Automotive, Inc.	-	1,926
Mutual funds		
American Funds Balanced Fund	-	84,113
BlackRock Strategic Income Opps Inv A	76,395	48,332
American Funds Fundamental Invs F1	11,407	11,040
American Funds New World F1	1,452	12,555
BlackRock Multi-Asset Income Investor A	1,408	27,010
Calamos Market Neutral Income A	-	14,566
Schwab Short-Term Bond Market	-	5
Oppenheimer Senior Floating Rate A	18,854	-
Exchange traded funds		
iShares US Preferred Stock ETF	19,231	-
iShares 1-3 Year Treasury Bond ETF	73,731	-
SPDR Doubleline Total Return Tactical ETF	69,498	-
Vanguard Total Stock Market ETF	57,977	-
Commodity options		
March 2015 Corn	-	(115,375)
May 2015 Corn	-	(45,750)
March 2015 Soybeans	-	(183,050)
May 2015 Soybeans	-	(153,500)
July 2015 Corn	-	(16,900)
July 2015 Soybeans	-	28,250
February 2016 Corn	(170,250)	-
February 2016 Soybeans	(81,250)	-
March 2016 Soybeans	(93,225)	-
Commodity futures		
March 2015 Corn	-	(54,250)
March 2015 Soybeans	-	5,900
July 2015 Soybeans	-	32,750
November 2015 Soybeans	-	8,500
March 2016 Corn	49,245	-
December 2017 Corn	(2,874)	-
Total forward	<hr/> 31,599	<hr/> (281,893)

Convoy of Hope, Incorporated
Notes to Consolidated Financial Statements
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	2015	2014
Total forward	\$ 31,599	\$ (281,893)
March 2016 Soybeans	40,950	-
November 2016 Soybeans	(174,636)	-
Cash held by broker for commodity trading	2,249,663	1,636,846
Community Foundation of the Ozarks Hope Fund	26,500	27,956
Assemblies of God Loan Fund Certificates	-	651,357
	\$ 2,174,076	\$ 2,034,266

Total investment return, including interest income on cash equivalents, is comprised of the following:

	2015	2014
Interest and dividend income	\$ 74,176	\$ 53,237
Net realized and unrealized gains (losses)	754,950	(13,477)
	\$ 829,126	\$ 39,760

Note 3: Inventory

Inventory at December 31 consists of:

	2015	2014
GIK food inventory	\$ 13,828,087	\$ 10,218,810
GIK supply inventory	15,843,261	12,348,636
GIK medical supply inventory	345,360	2,976,872
GIK disaster relief inventory	204,170	-
Purchased food inventory	306,001	134,922
Merchandise inventory for sale	3,659	1,602
	\$ 30,530,538	\$ 25,680,842

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Notes to Consolidated Financial Statements
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Note 4: Property and Equipment

Property and equipment at December 31 consists of:

	2015	2014
Land, buildings and improvements	\$ 11,511,846	\$ 11,502,559
Construction in progress	-	487,681
Furniture and equipment	2,010,344	1,390,034
Transportation equipment	5,044,020	4,908,652
	18,566,210	18,288,926
Less accumulated depreciation	8,269,380	7,245,134
	\$ 10,296,830	\$ 11,043,792

Depreciation expense was \$1,066,567 and \$845,145 for 2015 and 2014, respectively.

Note 5: Compensated Absences

Employees of the Organization are entitled to paid vacations and can carryover unused vacation from one fiscal year to the next. The financial statements include a provision for compensated absences earned, but not paid amounting to \$379,099 and \$196,476 as of December 31, 2015 and 2014, respectively.

Note 6: Line of Credit

The Organization has a \$1,000,000 bank line of credit with no stated maturity. At December 31, 2015 and 2014, there was \$0 borrowed against this line. The line is collateralized by real estate and rental income. Interest varies with the bank's prime rate, with a floor of 4%, and is payable monthly. The interest rate was 4% on December 31, 2015 and 2014. On February 10, 2016, the Organization executed a loan agreement to increase the line of credit to \$3,000,000 with a maturity date of February 1, 2017. The loan agreement bears interest at the bank's prime rate, with a floor of 3.5% and is payable monthly.

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Note 7: Notes Payable

	2015	2014
3% note, 3.5% at December 31, 2014, interest and principal due monthly, due August 1, 2018, collateralized by real estate and rental income	\$ 2,886,373	\$ 3,031,865
0%, principal due monthly, due March 1, 2022, collateralized by real estate and rental income (<i>Note 12</i>)	1,562,500	1,812,500
3.25% note, interest due monthly, due April 24, 2015, collateralized by investment holdings (<i>Note 12</i>)	-	585,000
	\$ 4,448,873	\$ 5,429,365

Aggregate annual maturities of long-term debt at December 31, 2015, are:

2016	\$ 399,740
2017	404,358
2018	2,832,275
2019	250,000
2020	250,000
Thereafter	312,500
	\$ 4,448,873

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Notes to Consolidated Financial Statements
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Note 8: Net Assets

Unrestricted Net Assets

Unrestricted net assets are represented by the following at December 31:

	2015	2014
Working capital	\$ 844,285	\$ 1,866,116
Board designated debt retirement fund	-	2,203,567
Board designated endowment	124,578	127,297
Property and equipment, net of debt	5,847,957	5,614,427
Donor advised funds	1,797,722	640,068
ACIHELLC interest	1,826,089	1,152,448
Undistributed inventories	6,973,131	6,813,736
	<u>\$ 17,413,762</u>	<u>\$ 18,417,659</u>

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31 are available for the following purposes:

	2015	2014
Global disaster response	\$ 1,492,317	\$ 2,163,183
Community development	440,444	728,670
Community events	108,332	
Capital equipment and other designated funds	-	159,498
Undistributed GIK inventory	23,557,407	18,867,106
	<u>\$ 25,598,500</u>	<u>\$ 21,918,457</u>

Permanently Restricted Net Assets

Permanently restricted net assets at December 31 are restricted to:

	2015	2014
Investment in perpetuity, the income of which is expendable to support Convoy of Hope programs	<u>\$ 126,984</u>	<u>\$ 126,984</u>

Convoy of Hope, Incorporated
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Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of other events specified by donors, or Board approved allocations.

Note 9: Endowment

Endowment funds represent assets and net assets that are subject to permanent restriction by gift instruments as prescribed by donors. The principal amount, based on historical gift value of each endowment, is to be maintained permanently. The income derived from each permanent endowment is allocated to the unrestricted or temporarily restricted revenue per the donor's specifications.

The Organization maintained two endowment funds totaling \$251,562 and \$254,281 at December 31, 2015 and 2014, respectively. One of these funds was a board-designated endowment which totaled \$124,578 and \$127,297 at December 31, 2015 and 2014, respectively, and is included in unrestricted net assets. This endowment is maintained under the AG Foundation. The permanently restricted endowment totaling \$126,984 at December 31, 2015 and 2014, is maintained under the Convoy of Hope Foundation. Going forward, the Convoy of Hope Foundation endowment may include both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's governing body has interpreted the California and Delaware State Uniform Prudent Management of Institutional Funds Acts (SPMIFA) as requiring 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.

Note 10: Public Cash and Food Commodity Grants

Cash grant revenue received from the U.S. Department of State was \$32,713 and \$3,254 for the years ended December 31, 2015 and 2014, respectively. Cash grant revenue received from USAID was \$156,190 and \$60,497 for the years ended December 31, 2015 and 2014, respectively. Food commodities received from USAID were \$259,557 and \$155,734 for the years ended December 31, 2015 and 2014, respectively.

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Note 11: Gifts-in-Kind Contributions

Gifts-in-kind recognized consisted of the following for the years ended December 31:

	2015	2014
Food	\$ 50,562,050	\$ 42,553,787
Pharmaceuticals	28,655,908	22,316,632
Clothing and household goods	24,208,094	19,391,674
Services and other	1,016,422	1,315,062
Medical supplies	636,847	2,157,390
Books	-	270,402
Relief supplies	462,420	1,147,023
	<u>\$105,541,741</u>	<u>\$ 89,151,970</u>

Note 12: Related Party Transactions

The Organization and the GCAG maintain separate and distinct Boards of Directors. The following summarizes significant affiliations between the two organizations:

One Board member of the Organization was a full-time management level employee of the GCAG or its affiliates.

The GCAG and its affiliate, the Assemblies of God World Missions (AGWM), receive pass-thru donations on behalf of the Organization. The balance in these accounts for the years ended December 31, 2015 and 2014 was \$325,414 and \$347,619, respectively, and are classified on the statement of financial position as amounts due from other organizations. These funds are generally disbursed monthly.

In addition, the Organization maintains memorandums of understanding (MOU) with both the GCAG and AGWM to formalize the Organization's role as the preferred partner with the GCAG and its mission's agencies to provide compassion ministry resources and services. The memorandums outline strategic partnership roles encompassing joint fundraising, co-branding, media and communication releases, financial ramifications and on the ground response protocols in the event of major disasters due to these entities shared constituencies. Funds received directly by the Organization as a result of joint appeals are recorded as previously described in the Organization's significant accounting policies, while funds received directly by the GCAG and its affiliate are recorded once disbursed to the Organization in relation to approved program activities.

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Cash contribution revenue recognized under the GCAG and AGWM memorandums of understanding consisted of the following for the years ended December 31:

	2015	2014
Cash contributions from AGWM MOU	\$ 101,807	\$ 795,816
Cash contributions from GCAG MOU	-	623,000
	\$ 101,807	\$ 1,418,816

Cash contribution revenue recognized from GCAG, AGWM and AG Foundation, not under the memorandums of understanding, totaled \$1,617,238 and \$573,539 for 2015 and 2014, respectively.

The Organization did not make any cash payments under the GCAG MOU or the AGWM MOU during the years ended December 31, 2015 and 2014.

The GCAG and its affiliate assigned 17 and 14 missionaries to the Organization to assist in program activities during 2015 and 2014, respectively. The value of these services has not been reflected in the accompanying financial statements.

The Organization maintains investment accounts with AG Financial Services (AGFS) and the AG Foundation, both affiliated with the GCAG. The balances in the AGFS accounts at December 31, 2015 and 2014, were \$939,818 and \$3,090,082, respectively, and are classified on the consolidated statement of financial position as cash equivalents and investments. In addition, principal payments on the note the Organization secured from AGFS in 2012 were \$250,000 for the years ended December 31, 2015 and 2014. AGFS contributed \$255,000 to the Organization during the years ended December 31, 2015 and 2014. Lastly, interest payments on a short-term note the Organization secured from AGFS in 2014 were \$6,772 and \$2,552 for the year ended December 31, 2015 and 2014, respectively.

The Organization leases excess warehouse space to two organizations affiliated with the GCAG. Lease income for the years ended December 31, 2015 and 2014, was \$123,426 and \$121,060, respectively.

The Organization purchased services provided by board members totaling \$200 and \$500 for the years ended December 31, 2015 and 2014, respectively.

Note 13: Lease Income Under Operating Leases

The Organization leases excess warehouse space to tenants under lease agreements ranging from month-to-month to 11 years. Lease income was \$543,283 and \$485,932 for the years ended December 31, 2015 and 2014, respectively.

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Future minimum lease receipts under operating leases are:

2016	\$	491,784
2017		419,856
2018		456,504
2019		456,504
2020		456,504
Thereafter		20,475
Total minimum lease receipts	\$	2,301,627

Note 14: Retirement Plan

The Organization offers employees a defined contribution retirement plan. This plan is available for the benefit of all full-time, regular employees who have completed 90 days of service with the Organization. The Organization matches 100% of employee contributions up to a maximum of 5% of compensation. Contributions, which are included in employee benefits in the statement of functional expenses, were \$288,522 and \$249,588 for 2015 and 2014, respectively.

Note 15: Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- 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.
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

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Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2015 and 2014:

	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)
December 31, 2015				
Mutual funds				
BlackRock Strategic Income				
Opps Inv A	\$ 76,395	\$ 76,395	\$ -	\$ -
American Funds Fundamental				
Invs F1	11,407	11,407	-	-
American Funds New World F1	1,452	1,452	-	-
BlackRock Multi-Asset Income				
Investor A	1,408	1,408	-	-
Oppenheimer Senior Floating				
Rate A	18,854	18,854	-	-
Exchange traded funds				
iShares US Preferred Stock ETF	19,231	19,231	-	-
iShares 1-3 Year Treasury Bond ETF	73,731	73,731	-	-
SPDR Doubleline Total Return				
Tactical ETF	69,498	69,498	-	-
Vanguard Total Stock Market ETF	57,977	57,977	-	-
Commodity options				
February 2016 Corn	(170,250)	(170,250)	-	-
February 2016 Soybeans	(81,250)	(81,250)	-	-
May 2016 Soybeans	(93,225)	(93,225)	-	-
Commodity futures				
March 2016 Corn	49,245	49,245	-	-
December 2017 Corn	(2,874)	(2,874)	-	-
March 2016 Soybeans	40,950	40,950	-	-
November 2016 Soybeans	(174,636)	(174,636)	-	-
Alternative investment				
Community Foundation of the				
Ozarks Hope Fund	26,500	-	26,500	-

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	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2014				
Equity securities				
American Airlines Group, Inc.	\$ 1,931	\$ 1,931	\$ -	\$ -
Cadence Design System	10,054	10,054	-	-
O'Reilly Automotive, Inc.	1,926	1,926	-	-
Mutual funds				
American Funds Balanced Fund	84,113	84,113	-	-
BlackRock Strategic Income Opps Inv A	48,332	48,332	-	-
American Funds Fundamental Invs F1	11,040	11,040	-	-
American Funds New World F1	12,555	12,555	-	-
BlackRock Multi-Asset Income Investor A	27,010	27,010	-	-
Calamos Market Neutral Income A	14,566	14,566	-	-
Schwab Short-Term Bond Market	5	5	-	-
Commodity options				
March 2015 Corn	(115,375)	(115,375)	-	-
May 2015 Corn	(45,750)	(45,750)	-	-
July 2015 Corn	(16,900)	(16,900)	-	-
March 2015 Soybeans	(183,050)	(183,050)	-	-
May 2015 Soybeans	(153,500)	(153,500)	-	-
July 2015 Soybeans	28,250	28,250	-	-
Commodity futures				
March 2015 Corn	(54,250)	(54,250)	-	-
March 2015 Soybeans	5,900	5,900	-	-
July 2015 Soybeans	32,750	32,750	-	-
November 2015 Soybeans	8,500	8,500	-	-
Alternative investment				
Community Foundation of the Ozarks Hope Fund	27,956	-	27,956	-

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2015.

Convoy of Hope, Incorporated
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Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The investments in bank repurchase agreements and AG Financial Solutions Loan Fund notes are accounted for on the cost method and thus not included in this disclosure.

The value of certain investments, classified as alternative investments, is determined using net asset value (or its equivalent) as a practical expedient. Investments for which the Organization expects to have the ability to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 2. There are no unfunded commitments at December 31, 2015.

Note 16: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Gifts-in-Kind Contributions

Gifts-in-kind food donations include gifts from four donors comprising 63% and 59% of the total donated food category for 2015 and 2014, respectively. Gifts-in-kind pharmaceutical and medical supplies donations include gifts from one donor comprising 96% and 80% of the total donated pharmaceutical and medical supplies categories for 2015 and 2014, respectively.

Note 17: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were available to be issued.