THE BROTHER'S BROTHER FOUNDATION
Pittsburgh, Pennsylvania

Financial Statements
For the years ended December 31, 2014 and 2013

and Independent Auditors' Report Thereon

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Brother's Brother Foundation
Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of The Brother's Brother Foundation (Foundation), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statement of activities and changes in net assets and statement of functional expenses for the year ended December 31, 2014 and the statements of cash flows for the years ended December 31, 2014 and 2013, and the related notes to the 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.

Auditors' 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. 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 auditors' 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 Foundation'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 Foundation'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 the Foundation as of December 31, 2014 and 2013, and the changes in net assets and functional expenses for the year ended December 31, 2014 and cash flows for the years ended December 31, 2014 and 2013, in accordance with accounting principles generally accepted in the United States of America.

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Other Matter

We have previously audited The Brother's Brother Foundation's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2014. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
May 26, 2015

THE BROTHER'S BROTHER FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2014	2013
ASSETS		
Cash and cash equivalents	$ 1,482,454	$ 1,430,042
Accounts receivable	99,854	107,115
Investments	4,959,022	5,194,177
Inventory	43,073,211	33,729,997
Prepaid expenses	34,897	31,731
Property and equipment, net	1,709,049	1,666,053
Total Assets	$51,358,487	$42,159,115
LIABILITIES		
Accounts payable and accrued liabilities	$ 151,475	$ 142,218
NET ASSETS		
Unrestricted	49,885,654	40,735,860
Temporarily restricted	929,337	885,750
Permanently restricted	392,021	395,287
Total Net Assets	51,207,012	42,016,897
Total Liabilities and Net Assets	$51,358,487	$42,159,115

See notes to financial statements.

THE BROTHER'S BROTHER FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014
(with comparative totals for the year ended December 31, 2013)

	Unrestricted		
	General Operating	In-Kind	Total
REVENUE AND PUBLIC SUPPORT			
Donated materials and supplies	-	$241,751,012	$241,751,012
Individuals	$ 875,012	-	875,012
Foundations	191,963	-	191,963
Program service fees	676,391	-	676,391
Corporations	22,292	-	22,292
Civic and social clubs	7,415	-	7,415
Religious organizations	52,821	-	52,821
	1,825,894	241,751,012	243,576,906
Investment income	120,940	-	120,940
Rental income	38,450	-	38,450
Other income	(1,864)	-	(1,864)
Special event income	100,385	-	100,385
Net assets released from restrictions	728,461	-	728,461
Total Revenue and Public Support	2,812,266	241,751,012	244,563,278
FUNCTIONAL EXPENSES			
Program services	1,546,593	232,465,355	234,011,948
Support services:			
Management and general	1,078,848	-	1,078,848
Fundraising	291,119	-	291,119
Special events	31,569	-	31,569
Total Support Services	1,401,536	-	1,401,536
Total Functional Expenses	2,948,129	232,465,355	235,413,484
Changes in Net Assets	(135,863)	9,285,657	9,149,794
NET ASSETS			
Beginning of year	7,281,325	33,454,535	40,735,860
End of year	$7,145,462	$ 42,740,192	$ 49,885,654

See notes to financial statements.

Temporarily Restricted	Permanently Restricted	Total 2014	Total 2013
-	-	$241,751,012	$240,691,215
$247,958	-	1,122,970	1,240,371
343,866	-	535,829	369,206
-	-	676,391	694,732
12,516	-	34,808	49,430
11,207	-	18,622	55,819
83,603	-	136,424	54,895
699,150	-	244,276,056	243,155,668
-	$ 3,904	124,844	474,295
-	-	38,450	38,625
3,128	-	1,264	225
62,600	-	162,985	-
(721,291)	(7,170)	-	-
43,587	(3,266)	244,603,599	243,668,813
-	-	234,011,948	237,135,272
-	-	1,078,848	796,484
-	-	291,119	261,788
-	-	31,569	-
-	-	1,401,536	1,058,272
-	-	235,413,484	238,193,544
43,587	(3,266)	9,190,115	5,475,269
885,750	395,287	42,016,897	36,541,628
$929,337	$392,021	$ 51,207,012	$ 42,016,897

THE BROTHER'S BROTHER FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(with comparative totals for the year ended December 31, 2013)

	Program Services			
	International Education	International Health	International Humanitarian	Total
Educational materials	$95,831,335	-	-	$ 95,831,335
Medical equipment and supplies	-	$136,463,609	-	136,463,609
Humanitarian supplies	-	-	$170,411	170,411
Grants	457	203,793	-	204,250
Packaging and shipping	207,313	328,094	275	535,682
Salaries	141,956	248,849	-	390,805
Payroll taxes	10,581	17,903	-	28,484
Pension	4,124	9,093	-	13,217
Employee benefits - other	15,844	26,873	-	42,717
Consulting services	-	-	-	-
Outside services	246	55,118	-	55,364
Utilities	7,645	14,199	-	21,844
Printing expense	-	324	-	324
Maintenance	2,468	4,583	-	7,051
Telephone	150	-	-	150
Postage	-	23,395	30	23,425
Training expense	40	75	-	115
Audit and accounting	-	-	-	-
Insurance	4,384	8,142	-	12,526
Office supplies	3,495	5,399	-	8,894
Purchased program supplies	-	134,821	-	134,821
Miscellaneous	807	1,428	-	2,235
Meals	115	744	-	859
Truck expense	1,500	2,785	-	4,285
Travel	318	12,122	-	12,440
Rent	2,273	4,222	-	6,495
Dues and subscriptions	32	59	-	91
Total Expenses Before Depreciation	96,235,083	137,565,630	170,716	233,971,429
Depreciation	14,182	26,337	-	40,519
Total Functional Expenses	$96,249,265	$137,591,967	$170,716	$234,011,948

See notes to financial statements.

Support Services				Total	
Management and General	Fundraising	Special Events	Total	2014	2013
-	-	-	-	$ 95,831,335	$ 68,365,010
-	-	-	-	136,463,609	166,551,079
-	-	-	-	170,411	203,184
$ 7,250	-	-	$ 7,250	211,500	332,121
-	-		-	535,682	447,379
552,883	$166,717	-	719,600	1,110,405	993,230
46,505	11,227	-	57,732	86,216	77,153
19,712	7,986	-	27,698	40,915	42,268
41,482	7,095	-	48,577	91,294	63,792
7,414	-	-	7,414	7,414	4,163
15,044	72,252	-	87,296	142,660	131,998
4,479	160	-	4,639	26,483	24,598
20,353	12,416	-	32,769	33,093	22,070
29,006	795	-	29,801	36,852	49,116
14,514	-	-	14,514	14,664	12,318
2,878	6,498	-	9,376	32,801	35,017
724	-	-	724	839	296
28,483	-	-	28,483	28,483	25,559
15,298	-	-	15,298	27,824	25,196
16,813	266	-	17,079	25,973	48,938
-	-	-	-	134,821	495,834
40,590	1,252	$31,569	73,411	75,646	31,948
8,619	101	-	8,720	9,579	11,727
16,879	-	-	16,879	21,164	11,815
22,222	3,844	-	26,066	38,506	51,653
135,356	-	-	135,356	141,851	79,867
6,722	510	-	7,232	7,323	5,316
1,053,226	291,119	31,569	1,375,914	235,347,343	238,142,645
25,622	-	-	25,622	66,141	50,899
$1,078,848	$291,119	$31,569	$1,401,536	$235,413,484	$238,193,544

THE BROTHER'S BROTHER FOUNDATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
OPERATING ACTIVITIES		
Changes in net assets	$9,190,115	$5,475,269
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	66,141	50,899
Realized and unrealized gain on investment, net	(116,628)	(466,465)
Inventory	(9,343,214)	(5,768,628)
Changes in assets and liabilities:		
Accounts receivable	7,261	39,103
Prepaid expenses	(3,166)	(4,703)
Accounts payable and accrued liabilities	9,257	(6,779)
Net Cash Used In Operating Activities	(190,234)	(681,304)
INVESTING ACTIVITIES		
Proceeds from sale of investments	351,783	1,811,373
Purchases of property and equipment	(109,137)	(563,385)
Net Cash Provided By Investing Activities	242,646	1,247,988
Net Increase In Cash and Cash Equivalents	52,412	566,684
CASH AND CASH EQUIVALENTS		
Beginning of year	1,430,042	863,358
End of year	$1,482,454	$1,430,042

See notes to financial statements.

NOTE 1 - ORGANIZATION

The Brother's Brother Foundation (Foundation) is an organization formed for the purpose of coordinating efforts and resources for the benefit of the ill and needy worldwide. The Foundation promotes international health and education through the distribution and provision of donated medical, educational and other resources. During 2013, the Foundation expanded operations and opened a new location in northern Virginia.

The Foundation depends principally upon cash donors, donors of materials and supplies and third-party reimbursement arrangements to carry out its program activities. The Foundation seeks reimbursement for certain costs related to carrying out its programs, including freight, distribution and overhead costs. Net related program service fees recognized in the accompanying financial statements for the years ended December 31, 2014 and 2013 were $676,391 and $694,732, respectively.

The Foundation's six largest contributors donated medical and educational materials that aggregated 96% and 93% of all contributed materials in 2014 and 2013, respectively. During 2014 and 2013, there were four contributors who donated 10% or more of medical and educational materials received in each year. One contributor gave 26%; one contributor gave 21%; one contributor gave 20%; and one contributor gave 18% of the total received in 2014. One contributor gave 39%; two contributors gave 15%; and one contributor gave 14% of the total received in 2013.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets and Changes Therein - The Foundation classifies and reports net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

> Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.
>
> Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be satisfied by actions of the Foundation and/or the passage of time.
>
> Permanently Restricted Net Assets - Net assets subject to the donor-imposed stipulation that the assets be maintained permanently by the Foundation. These assets are invested in a separate investment account to ensure the funds are maintained in perpetuity. The Foundation's investment policy in relation to these funds has been to invest in a multi-asset mutual fund, which operates on a multi-manager basis and seeks to exceed inflation by 5% per year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All unconditional donor-restricted support is 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 satisfied), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

When the Foundation receives a contribution of a long-lived asset or a financial asset designated for acquisition of a long-lived asset that is not subject to a donor stipulation as to how long the asset must be used, the receipt of the related contribution is reported as unrestricted support.

Cash and Cash Equivalents - The Foundation maintains, in several banks in the United States, cash that may at times exceed federally insured amounts. In addition, the Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. All cash equivalents held by investment managers are included in investments. At December 31, 2014 and 2013, the Foundation had $929,337 and $885,750, respectively, of restricted funds.

Accounts Receivable - Accounts receivable are primarily composed of program service fees and are recorded at the amount management expects to collect from balances outstanding. Based on management's assessment of the credit history of those having outstanding balances and current relationships with the Foundation, it believes that realization of losses on balances outstanding at December 31, 2014 and 2013 will be immaterial. It is reasonably possible that the Foundation's estimate of the allowance for doubtful accounts will change. As of December 31, 2014 and 2013, no allowance for doubtful accounts is considered necessary.

Investments - The Foundation has an investment policy seeking total return on the Foundation's permanent endowment. The income to be utilized by operations is calculated in accordance with contractual agreements and state statutes. Investments are stated at fair value determined by quoted market prices in accordance with the Accounting for Certain Investments Held by Not-for-Profit Organizations topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification or ASC). The annual market adjustments are reported as investment income.

Inventory - Inventory consists of undistributed in-kind materials at year-end. The Foundation receives a substantial amount of in-kind goods from various regional and national donors, primarily consisting of medical and educational materials. These materials are included in the financial statements at amounts that approximate fair values on the date of donation. In accordance with FASB ASC topic Fair Value Measurements and Disclosures, fair value was determined using transactional data in similar markets. For example, the valuation methodology for donated pharmaceuticals utilized published reimbursement pricing guidelines from federal (Center for Medicare and Medicaid Services - CMS) and state (West Virginia State Maximum Allowable Cost - WV SMAC) sources as a primary reference. The valuation methodology for donated educational materials utilized net price, which according to publishers is the lowest price at which the title will be available. The total of all net prices provided is divided by the total number of units donated to calculate an average cost per unit. The average cost is then multiplied by the total units to determine fair value. The Foundation evaluates the fair value of the inventory donated during the year and may make additional adjustments based on the evaluation. During 2014 and 2013, inventory adjustments based on the fair value at the date of donation, mostly related to the Foundation's planned decision to destroy medical supplies, totaled approximately $3,300,000 and $660,000, respectively, and are included as in-kind program services on the accompanying statement of activities and changes in net assets, as well as medical equipment and supplies on the accompanying statement of functional expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment - Property and equipment are recorded at the lower of cost or fair value at the date of contribution, with depreciation provided on the straight-line method over estimated useful lives. All purchases of property and equipment over $500 are capitalized. Repairs and maintenance that do not extend the lives of the applicable assets are expensed as incurred. Gain or loss from the retirement or other disposition of assets is included in the statement of activities and changes in net assets. Upon identification of indicators of impairment, management first compares the carrying value of its long-lived assets to the undiscounted cash flows of such assets. If the carrying value is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds fair value. Fair values are determined based on quoted market value, discounted cash flows or appraisals, as applicable. There were no such impairments identified during 2014 or 2013.

Shipping and Handling Costs - The Foundation records the costs of shipping and handling in program services. These costs were approximately $536,000 and $447,000 for the years ended December 31, 2014 and 2013, respectively.

Income Taxes - The Foundation is a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and is also classified as an entity that is not a private foundation under the meaning of Section 509(a) of the IRC. In addition, the Foundation has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements. The Foundation is no longer subject to examinations by taxing authorities in any major tax jurisdiction for years before December 31, 2011.

Donated Services - The Foundation recognizes donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Foundation also receives contributed services from volunteers who donate time to the Foundation' activities. No amounts have been recognized in the accompanying statement of activities and changes in net assets for those services, since they would not have been purchased had they not been donated.

Recent Accounting Pronouncements - In May 2014, the FASB issued ASU No. 2014-09 (ASU 2014-09) related to the recognition of revenue from contracts with customers. ASU 2014-09 will replace all current accounting principles generally accepted in the United States of America guidance on this topic and eliminate most industry-specific guidance. ASU 2014-09 provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09, with an effective date deferred by the FASB in April 2015, will be effective for the Foundation beginning July 1, 2019 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Foundation is currently evaluating the impact of adopting ASU 2014-09 on its financial statements.

NOTE 3 - INVESTMENTS

Investments are presented in the financial statements at fair value. Fair value and related cost basis at December 31 are as follows:

	2014		2013	
	Fair	Cost	Fair	Cost
Money Market Fund	$ 11,526	$ 11,526	$ 21,666	$ 21,666
Fixed-Income Mutual Funds	1,167,027	1,192,553	1,359,419	1,390,715
Equity Mutual Funds	677,978	643,997	739,633	700,517
TIFF Multi Asset fund	3,102,491	3,437,910	3,073,459	3,227,495
Total Investments	$ 4,959,022	$ 5,285,986	$ 5,194,177	$ 5,340,393

TIFF Multi Asset Fund is a mutual fund consisting of a variety of investments, including cash equivalents, global stocks, high-yield bonds, commodities, REITs, inflation and inflation-linked bonds.

Investment income for the years ended December 31 is composed of the following:

	2014	2013
Interest	$ 1,046	$ 917
Dividends	56,708	124,181
General and administrative expense	(10,346)	(40,957)
Endowment transfer	7,170	6,913
Capital gains and other additions	238,882	346,367
Realized and unrealized (loss) gains, net	(168,616)	36,874
	$ 124,844	$ 474,295

Investments are exposed to various risks such as interest rate, market and credit risks. The Foundation's principal financial instruments subject to credit risk are its investments. The investments are managed by professional advisors subject to the Foundation's investment policy. The degree and concentration of credit risk varies by type of investment. Due to the level of risk associated with certain investments, it is possible that changes in the values of investments could occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

NOTE 4 - FAIR VALUE MEASUREMENT

The Foundation has implemented FASB ASC topic Fair Value Measurement and Disclosures, which defines fair value, establishes a framework for its measurement and expands disclosures about fair value measurement. Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., exit price) in an orderly transaction between market participants at the measurement date.

The Foundation discloses the category of assets and liabilities measured at fair value into one of three different levels, depending on the assumptions (i.e., inputs) used in the valuation. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The fair value hierarchy is defined as follows:

Level 1 - Valuations are based on unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active, but for which significant inputs are observable, either directly or indirectly.

Level 3 - Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of inputs significant to the fair value measurement. Additionally, investments in funds on the basis of the net asset value (NAV) per share of the investment (or its equivalent), as a practical expedient, if the underlying investment manager's calculation of NAV is fair value based, and the NAV has been calculated as of the fund's fiscal year end date. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation measures fair value based upon actively traded markets where prices are based on either direct market quotes or observed transactions, where available. While the Foundation believes these valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

The Foundation has the following financial instruments whose carrying amounts on its statement of financial position at December 31, 2014 and 2013 approximate fair value due to their short-term nature: cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued liabilities.

The valuations of the Foundation's assets and liabilities measured at fair value on a recurring basis according to the fair value hierarchy are summarized as follows at December 31:

NOTE 4 - FAIR VALUE MEASUREMENT (Continued)

	Fair Value Measurement at December 31, 2014			
	Level 1	Level 2	Level 3	Total
Money market fund	$ 11,526	-	-	$ 11,526
Fixed income mutual funds:				
Other fixed income	1,167,027	-	-	1,167,027
Equity mutual funds:				
Large cap funds	438,531	-	-	438,531
Mid cap funds	97,804	-	-	97,804
Small cap funds	65,567	-	-	65,567
International developed	12,084	-	-	12,084
Emerging markets	63,992	-	-	63,992
TIFF multi-asset fund	3,102,491	-	-	3,102,491
	$ 4,959,022	-	-	$ 4,959,022

	Fair Value Measurement at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Money market fund	$ 21,666	-	-	$ 21,666
Fixed income mutual funds:				
Other fixed income	1,359,419	-	-	1,359,419
Equity mutual funds:				
Large cap funds	467,128	-	-	467,128
Mid cap funds	105,400	-	-	105,400
Small cap funds	75,566	-	-	75,566
International developed	16,088	-	-	16,088
Emerging markets	75,451	-	-	75,451
TIFF multi-asset fund	3,073,459	-	-	3,073,459
	$ 5,194,177	-	-	$ 5,194,177

The Foundation did not have any financial assets or liabilities categorized as Level 3 at December 31, 2014 and 2013.

NOTE 5 - INVENTORY

The Foundation's inventory at December 31 is summarized as follows:

	2014	2013
Pharmaceuticals	$ 31,304,691	$ 26,402,783
Medical equipment and supplies	2,155,298	2,106,350
Education	9,588,078	5,146,356
Humanitarian	25,144	74,508
	$ 43,073,211	$ 33,729,997

NOTE 6 - PROPERTY AND EQUIPMENT

The Foundation's property and equipment at December 31 are summarized as follows:

	2014	2013
Building and improvements	$ 1,619,195	$ 1,528,985
Equipment and furniture	307,351	288,424
Land	213,201	213,201
	2,139,747	2,030,610
Less - Accumulated depreciation	430,698	364,557
Property and equipment, net	$ 1,709,049	$ 1,666,053

NOTE 7 - RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2014 and 2013 of $929,337 and $885,750, respectively, are available for worldwide health and educational programs. Temporarily restricted assets available for use in the Philippines Typhoon Disaster totaled approximately $182,000 and $387,000 at December 31, 2014 and 2013, respectively. In addition, temporarily restricted assets available for use in the Liberia Medical Project totaled approximately $117,000 and $149,000 at December 31, 2014 and 2013, respectively, and Behan Warehouse Renovation totaled approximately $228,000 and $132,000 at December 31, 2014 and 2013, respectively.

Temporarily restricted net assets at December 31 were released as follows:

	2014	2013
Health and welfare activities	$ 721,291	$ 431,167

Permanently restricted net assets at December 31, 2014 and 2013 of $392,021 and $395,287, respectively, are restricted to investments in perpetuity. See Note 8 for additional disclosures relating to the permanently restricted net assets.

NOTE 8 - ENDOWMENT

The endowment consists of an investment fund established primarily for programming and operating needs of the Foundation and includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Trustees of the Foundation has elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141) for the donor-restricted endowment funds. Act 141 is a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's permanently restricted investments as income each year. However, the long-term preservation of the real value of the assets must be taken into consideration when the Board elects the amount. On an annual basis, the Board must elect, in writing, a spending rate of between 2% and 7%. This percentage is applied to the average market value of the investments at the end of the prior year. Average market value is based on the previous 12 quarters. The Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The undistributed amounts earned are included in permanently restricted net assets as well. In accordance with Act 141, the Foundation has adopted a written investment policy, of which a section specifically relates to the endowment fund. The Foundation considers the following factors in making a determination to set a spending rate:

1. Protecting the corpus of the endowment fund;
2. Preserving the spending power of the assets;
3. Obtaining maximum investment return with reasonable risk and operational consideration; and
4. Complying with applicable laws.

Donor-restricted endowment funds comprise the permanently restricted net asset balance of $392,021 and $395,287 at December 31, 2014 and 2013, respectively.

Change in the endowment fund for the years ended December 31 is represented as follows:

	2014	2013
Endowment net assets beginning of year	$ 395,287	$ 361,186
Investment return:		
Investment income	26,790	7,100
Net (depreciation) appreciation	(22,886)	37,133
	3,904	44,233
Appropriation of endowment assets for expenditure	(7,170)	(6,913)
General and administrative expense	-	(3,219)
Endowment net assets end of year	$ 392,021	$ 395,287

NOTE 8 - ENDOWMENT (Continued)

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding for programs and initiatives supported by the endowment. The policies are also intended to protect the integrity of the assets and achieve the optimal return possible within the specified risk parameters. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark of equity and fixed-income peer groups.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation viewing the assets as having a long-term horizon with moderate liquidity needs, and has taken a long-term investment posture, which favors equity holdings.

Spending Policy and How the Investment Objectives Relate to Spending Policy - In accordance with Act 141, the Foundation annually transfers between 2% and 7% of the previous three years' market value average of the endowment fund to unrestricted net assets for use in operations. In 2014 and 2013, the spendable return totaled 2% or $7,000. This spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 9 - GIFTS-IN-KIND

Recognition of gifts-in-kind (GIK) revenue is limited to such contributions that the Foundation takes possession of, or constructive title to, as the original recipient; are received and/or handled in partnership with an end-user agency; or are used in Foundation programs.

The Foundation also assists as an agent in the shipment of GIK that are designated for other charitable organizations. The value of these shipments is minimal and is not reflected in the accompanying financial statements, since the Foundation does not have variance power over these transactions.

NOTE 10 - RETIREMENT PLANS

The Foundation has a noncontributory pension plan covering all qualified personnel. Contributions to the plan are determined by the Foundation but are limited to 15% of the total compensation of the participants for the year. The Foundation's contributions to the plan approximated $41,000 and $42,000 for 2014 and 2013, respectively.

In addition, the Foundation has a Section 403(b) plan covering substantially all employees. Participants may contribute up to 15% of their compensation, but the plan does not provide for contributions by the Foundation.

NOTE 11 - ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and support services benefited based on an analysis of staff time spent on, and/or floor space dedicated to, the related activities.

NOTE 12 - LEASES

During May 2013, the Foundation entered into an operating lease agreement for the rental of warehouse space through April 2016. The terms of the lease agreement called for monthly base rent of approximately $5,442 for the first year with approximately 3% annual escalations thereafter, and additional monthly operating expense overhead charges and a two-month abatement period. Rental expense for the warehouse amounted to approximately $67,000 and $68,000 at December 31, 2014 and 2013, respectively, and total rental expense amounted to approximately $142,000 and $80,000 at December 31, 2014 and 2013, respectively.

Future minimum rental payments under the operating leases are expected to be as follows:

Year Ending December 31		Base Rent
2015	$	68,600
2016		23,100
	$	91,700

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events are defined as events or transactions that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through May 26, 2015, the date on which the financial statements were available to be issued.

During 2015, the Foundation was informed that a significant donor of GIK educational materials would be suspending its donations program effective January 1, 2015. This donor contributed approximately $49,300,000 in educational materials during the year ended December 31, 2014.