INTERNATIONAL MEDICAL CORPS
(A California Nonprofit Corporation)

Financial Statements

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

Independent Auditors' Report

The Board of Directors
International Medical Corps:

Report on the Financial Statements

We have audited the accompanying financial statements of International Medical Corps, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, 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 U.S. generally accepted accounting principles; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Medical Corps as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in schedule 1 is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2019 on our consideration of International Medical Corps' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of International Medical Corps' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering International Medical Corps' internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
March 4, 2019

INTERNATIONAL MEDICAL CORPS
(A California Nonprofit Corporation)

Statements of Financial Position

June 30, 2018 and 2017

Assets		**2018**	**2017**
Cash and cash equivalents	$	24,123,169	11,119,382
Grants receivable		5,054,503	14,340,096
Other receivables		2,648,770	2,024,242
Investments in equity securities		2,611,706	2,107,003
Prepaid expenses		1,997,895	2,811,123
Deposits		270,077	356,978
Inventory of supplies and commodities		82,693	333,639
Equipment, net		2,045,698	3,421,380
Total assets	$	38,834,511	36,513,843
Liabilities and Net Assets			
Accounts payable	$	5,190,923	7,659,414
Accrued liabilities		13,806,602	11,127,007
Refundable advances		5,960,642	5,278,341
Deferred rent		122,153	106,522
Obligation under capital leases		102,448	176,109
Total liabilities		25,182,768	24,347,393
Unrestricted		8,212,087	8,897,128
Temporarily restricted		5,139,656	2,969,322
Permanently restricted		300,000	300,000
Total net assets		13,651,743	12,166,450
Total liabilities and net assets	$	38,834,511	36,513,843

See accompanying notes to financial statements.

INTERNATIONAL MEDICAL CORPS
(A California Nonprofit Corporation)

Statement of Activities

Year ended June 30, 2018

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Public support and revenue:				
Public support:				
Contract and grant support	$ 112,857,301	—	—	112,857,301
Contributions	5,387,497	8,336,949	—	13,724,446
Donated medical supplies	3,171,029	1,314,535	—	4,485,564
Donated medical services	181,808	—	—	181,808
Total public support	121,597,635	9,651,484	—	131,249,119
Revenue:				
Interest and dividend income	37,924	—	—	37,924
Net realized and unrealized gain on investments	379,990	—	—	379,990
Other	92,682	22,740	—	115,422
Total revenue	510,596	22,740	—	533,336
Total public support and revenue	122,108,231	9,674,224	—	131,782,455
Net assets released from restrictions	7,503,890	(7,503,890)	—	—
Total public support and revenue and net assets released from restrictions	129,612,121	2,170,334	—	131,782,455
Operating expenses:				
Program services	103,369,668	—	—	103,369,668
Program management and evaluation	8,396,183	—	—	8,396,183
Total program expenses	111,765,851	—	—	111,765,851
Supporting services:				
Management and general	14,806,500	—	—	14,806,500
Fund-raising	2,124,811	—	—	2,124,811
Total supporting services	16,931,311	—	—	16,931,311
Total operating expenses	128,697,162	—	—	128,697,162
Nonoperating expenses (nonrecurring)	1,600,000	—	—	1,600,000
Total expenses	130,297,162	—	—	130,297,162
Change in net assets	(685,041)	2,170,334	—	1,485,293
Net assets at beginning of the year	8,897,128	2,969,322	300,000	12,166,450
Net assets at end of the year	$ 8,212,087	5,139,656	300,000	13,651,743

See accompanying notes to financial statements.

INTERNATIONAL MEDICAL CORPS
(A California Nonprofit Corporation)

Statement of Activities

Year ended June 30, 2017

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Public support and revenue:				
Public support:				
Contract and grant support	$ 116,693,608	—	—	116,693,608
Contributions	5,356,372	3,980,722	—	9,337,094
Donated medical supplies	2,605,009	679,262	—	3,284,271
Donated medical services	156,986	—	—	156,986
Total public support	124,811,975	4,659,984	—	129,471,959
Revenue:				
Interest and dividend income	28,990	—	—	28,990
Net realized and unrealized gain on investments	347,798	—	—	347,798
Other	217,366	71,360	—	288,726
Total revenue	594,154	71,360	—	665,514
Total public support and revenue	125,406,129	4,731,344	—	130,137,473
Net assets released from restrictions	13,713,909	(13,713,909)	—	—
Total public support and revenue and net assets released from restrictions	139,120,038	(8,982,565)	—	130,137,473
Expenses:				
Program services	111,474,217	—	—	111,474,217
Program management and evaluation	8,843,674	—	—	8,843,674
Total program expenses	120,317,891	—	—	120,317,891
Supporting services:				
Management and general	16,330,969	—	—	16,330,969
Fund-raising	2,153,424	—	—	2,153,424
Total supporting services	18,484,393	—	—	18,484,393
Total expenses	138,802,284	—	—	138,802,284
Change in net assets	317,754	(8,982,565)	—	(8,664,811)
Net assets at beginning of the year	8,579,374	11,951,887	300,000	20,831,261
Net assets at end of the year	$ 8,897,128	2,969,322	300,000	12,166,450

See accompanying notes to financial statements.

INTERNATIONAL MEDICAL CORPS
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Statements of Cash Flows

Years ended June 30, 2018 and 2017

		2018	2017
Cash flows from operating activities:			
Change in net assets	$	1,485,293	(8,664,811)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Contributed investments		(165,994)	(64,404)
Depreciation and amortization		1,619,631	1,774,054
Realized/unrealized gain on investments		(379,990)	(347,798)
Loss on disposal of capital assets		61,932	31,091
Change in operating assets and liabilities:			
Grants receivable		9,285,593	4,633,523
Other receivables		(624,528)	8,019,313
Prepaid expenses		813,228	(679,429)
Deposits		86,901	344,028
Inventory of supplies and commodities		250,946	(210,798)
Accounts payable and accrued liabilities		211,104	612,042
Refundable advances		682,301	207,925
Deferred rent		15,631	(57,687)
Net cash provided by operating activities		13,342,048	5,597,049
Cash flows from investing activities:			
Purchases of equipment		(305,881)	(695,304)
Proceeds from sale of contributed investments		41,281	24,880
Net cash used in investing activities		(264,600)	(670,424)
Cash flows from financing activities:			
Proceeds from note payable		—	37,206
Principal payments on note payable		—	(466,347)
Principal payments under capital leases		(73,661)	(209,008)
Net cash used in financing activities		(73,661)	(638,149)
Net increase in cash and cash equivalents		13,003,787	4,288,476
Cash and cash equivalents, beginning of year		11,119,382	6,830,906
Cash and cash equivalents, end of year	$	24,123,169	11,119,382
Supplemental information:			
Contributed investments	$	165,994	64,404
Cash paid for interest expense		6,092	87,873

See accompanying notes to financial statements.

(1) Nature of Organization

International Medical Corps (the Organization), incorporated under the General Nonprofit Corporation Law of the State of California, is a global, nonpolitical, and nonprofit humanitarian organization. Its mission is to improve the quality of life through health interventions and related activities that build local capacity in underserved communities worldwide. By offering training and healthcare to local populations and medical assistance to people at highest risk, and with the flexibility to respond rapidly to emergency situations, International Medical Corps rehabilitates devastated healthcare systems and helps bring them back to self-reliance.

To fulfill its purpose, International Medical Corps receives grants from individuals, foundations and corporations, including the AbbVie Foundation, Amgen Foundation, Annenberg Foundation, Bill & Melinda Gates Foundation, Bloomberg Philanthropies, California Community Foundation, FedEx, JPMorgan Chase Foundation, Kaiser Permanente, Langeloth Foundation, Pfizer, P&G, Riot Games, Sony, and Wells Fargo Foundation.

In addition, the Organization receives funds under federal grants, cooperative agreements, and contracts from the U.S. Agency for International Development (USAID) and its Office of the U.S. Foreign Disaster Assistance (OFDA), the U.S. Department of State and its Bureau of Population, Refugees, and Migration (PRM), and the Department of Health and Human Services (DHHS) and its Centers for Disease Control and Prevention (CDC).

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

The Organization classifies revenue, gains, expenses, and losses 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 stipulations or law and that may be expendable for any purpose in performing the Organization’s primary objective.
- *Temporarily restricted net assets* – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Organization or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support until the assets are placed in service.
- *Permanently restricted net assets* – Net assets that are permanently restricted by the donors or by law for investment in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for unrestricted purposes.

(b) Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash equivalents consist of short-term, highly liquid invested funds with original maturities of less than three months. Cash and cash equivalents as of June 30, 2018 consisted of $23,005,449 of cash and $1,117,720 of government money market funds. Cash and cash equivalents as of June 30, 2017 consisted of $10,080,748 of cash and $1,038,634 of government money market funds.

For cash held in the United States, the Organization places its cash in high-credit quality institutions and generally limits the amount of credit exposure not to exceed the Federal Deposit Insurance Company (FDIC) insurance coverage limit of $250,000. The balances in excess of FDIC limits were $20,826,910 and $8,534,221 at June 30, 2018 and 2017, respectively. Management believes that the risk with respect to the balances in excess of FDIC limits is minimal.

Additionally, under various grant agreements, the Organization is also required to maintain cash balances inside foreign countries and in the local currencies.

(c) Investments in Equity Securities

Investments in equity securities are carried at fair value. Fair value is determined in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement* (ASC Topic 820), as further described in note 12.

Investment transactions are recorded on the trade-date basis. Realized and unrealized gains and losses are recognized in the statements of activities.

(d) Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received at estimated net realizable value.

(e) Grant Revenue Recognition

Funds provided under grants or contracts, which are not considered contributions, are deemed to be earned and reported as revenue when the Organization has incurred expenditures in compliance with the specific terms of the grant or contract. Grant or contract funds received for which no corresponding expenditure has yet been made are accounted for as refundable advances. Expenditures made in advance of funds received are recorded as grants receivables. Interest earned on federal funds is the property of the federal government and, if earned, is remitted to the federal government on a regular basis. Accordingly, such interest is not reflected as revenue in the accompanying financial statements.

(f) Inventory of Supplies and Commodities

Inventory consists of pharmaceuticals, medical supplies, and other commodities received from outside donors. Inventory is recorded at estimated fair value at the date of contribution and is based on the first-in, first-out method. Inventory sent by the donor directly to the field is recorded as unrestricted revenue. Inventory sent by the Organization headquarters is released from restriction upon receipt at destination, typically the field office.

(g) Prepaid Expenses

Prepaid expenses consist mainly of the unexpired portion of various insurance premiums paid and advance rental payments.

(h) Equipment

Equipment acquired is recorded at cost at the time of purchase or, if contributed, at the fair value at the date of contribution. Depreciation is calculated using the straight-line method over the estimated useful lives as shown below:

Machinery and equipment	3–5 years
Leasehold improvements	3–5 years
Automobiles	3–5 years
Computer hardware and software	3–5 years

Equipment purchased under the specific terms of certain grants remain generally within the control of the grantor and are subject to transfer to other projects or organizations under the terms of the agreement. Such equipment is not capitalized by the Organization, but is expensed against the specific grant in the period purchased.

When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss arising from such disposition is recorded. Expenditures for repairs and maintenance are charged to expense as incurred.

(i) Accrued Liabilities

Accrued liabilities consist mainly of unpaid earned payroll and fringe benefits.

(j) Income Taxes

The Organization has received tax-exempt status as a publicly supported organization as provided in the Internal Revenue Code under Section 501(c)(3) and the California Revenue and Taxation Code Section 23701d. However, the Organization remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

FASB ASC Subtopic 740, *Income Taxes*, related to accounting for uncertainty in income taxes, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Standard requires that the entity account for and disclose in the financial statements the impact of a tax position if that position will more likely than not be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Organization has evaluated the financial statement impact of tax positions taken or expected to be taken and determined

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it has no uncertain tax positions that would require tax assets or liabilities to be recorded in accordance with accounting guidance.

(k) Donated Medical Supplies and Services

The estimated fair value of donated medical supplies and services are reflected as public support in the accompanying financial statements.

Donated services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. The Organization receives contributed medical services provided by doctors and nurses. The estimated fair value of these services has been recorded in the accompanying financial statements.

(l) Functional Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on allocation factors determined by the management.

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(n) Reclassifications

Certain reclassifications have been made to prior year’s amounts to conform to the current year’s presentation.

(o) Recent Accounting Pronouncements

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this ASU are intended to improve financial statement presentation by not-for-profit (NFP) organization. The new guidance requires NFPs to improve their presentation and disclosures to provide more relevant information about their resources (and the changes in those resources) to their donors, grantors, creditors, and other users. There are qualitative and quantitative requirement in a number of areas, including net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows.
ASU 2016-14 will become effective for financial statements issued for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the effect of adoption to the financial statements.

On June 21, 2018, the FASB released ASU 2018-08, clarifying the scope of the accounting guidance for contributions received and contributions made. The update provides clarifying guidance on

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accounting for grants and contracts of nonprofit organizations as they relate to the new revenue standard (ASU 2014-09) revenue from contracts with customers, and aims to minimize diversity in the classification of grants and contracts that exists under current guidance. ASU 2018-08 will become effective for financial statements issued for fiscal years beginning after June 15, 2018. The Organization is currently evaluating the effect of adoption to the financial statements.

(3) Grants Receivable

Grants receivable as of June 30, 2018 and 2017 consist of the following:

		2018	2017
U.S. Agency for International Development	$	2,238,267	8,415,485
U.S. Department of State		2,043,415	4,763,122
U.S. Department of Health and Human Services		677,660	907,517
Others		95,161	253,972
	$	5,054,503	14,340,096

(4) Equipment, Net

A summary of the Organization’s equipment as of June 30 is as follows:

		2018	2017
Machinery, computer hardware, and equipment	$	3,243,220	3,353,518
Leasehold improvements		805,255	839,983
Automobiles		29,950	29,950
Computer software		7,375,367	7,342,057
Furniture and fixtures		286,292	300,128
Total		11,740,084	11,865,636
Less accumulated depreciation and amortization		(9,694,386)	(8,444,256)
	$	2,045,698	3,421,380

Depreciation and amortization expense totaled $1,619,631 and $1,774,054 for the years ended June 30, 2018 and 2017, respectively.

(5) Employee Benefit Plan

The Organization sponsors a retirement plan called the International Medical Corps Employee Benefits Plan (the Plan). All employees upon reaching 21 years of age are eligible to participate in the Plan after two years of eligible service. Pursuant to an eligibility requirement amendment, effective January 1, 2006, an employee’s service in the nonprofit health and social services field within the three-year period immediately preceding the Organization employment is counted toward the two years of service requirement, provided the 1,000 hours of service requirement with such organization for each year of prior service has been met.

The Organization contributes 10.5% of eligible employee compensation, as defined in the plan document. Employees are immediately fully vested in contributions made on their behalf. Voluntary employee contributions are not permitted under the Plan. Contributions made by the Organization to the Plan totaled $3,271,381 and $3,531,735 for the years ended June 30, 2018 and 2017, respectively.

(6) Related-Party Transactions

On November 1, 2002, the Organization entered into an Administrative Services Agreement with International Medical Corps UK, a registered charity in England and Wales, to assist International Medical Corps UK (IMC UK) in the achievement of its charitable objectives to relieve suffering, sickness, and poverty throughout the world by providing medical aid, healthcare training, and healthcare programs. The related-party transactions mainly pertain to service fees, recorded as a credit to other expense, cash advances, and other related charges. At June 30, 2018, the Organization had a receivable balance from International Medical Corps UK of $1,906,038, recorded as other receivables in the statement of financial position. At June 30, 2017, the Organization had a payable balance of $1,759,056 to International Medical Corps UK, included as accounts payable in the statement of financial position.

Amounts contributed to IMC UK during 2018 and 2017 totaled $362,542 and $350,000, respectively.

(7) Obligations under Operating and Capital Leases

The Organization is currently under operating lease agreements for its offices in Los Angeles (lease expires in June 2021) and Washington, DC (lease expires in June 2019). Future minimum annual lease payments under these leases are as follows:

Year ending June 30:		
2019	$	500,996
2020		529,265
2021		545,143
	$	1,575,404

Total rent expense for all operating leases for the years ended June 30, 2018 and 2017 totaled $3,099,463 and $4,332,654, respectively.

The Organization has commitments related to capital leases for office equipment and its virtual network environment. All capital leases are noncancelable and expire on various dates by 2021.

The future minimum annual lease payments under capital leases are as follows:

Year ending June 30:		
2019	$	76,799
2020		23,198
2021		16,544
		116,541
Less amount representing maintenance cost		(12,423)
Less amount representing interest		(1,670)
Net present value of future minimum lease payments	$	102,448

As of June 30, 2018 and 2017, the cost of leased property and equipment under capital lease was $380,628 and 1,060,986, and accumulated depreciation was $829,061 and $760,155, respectively.

(8) Commitments and Contingencies

Grants require the fulfillment of certain conditions as set forth in the grant instruments. Federal grant programs are subject to review by the grantor agencies, which could result in requests for reimbursements to grantor agencies for disallowed expenditures. Additionally, the Organization is involved in legal proceedings and claims arising in the normal course of business. As of June 30, 2018, the Organization has established an accrual of $1,600,000 as the probable and reasonably estimable amount for contingent liabilities.

While it is not possible to determine the ultimate liability in these matters at this time, in the opinion of management, such matters will not have a material adverse effect on the financial condition of the Organization in excess of the recorded contingent liability.

(9) Concentrations of Risk

Grants and contracts totaling $84,923,258 and $19,256,925 were received from the U.S. Agency for International Development and the U.S. Department of State, respectively, for the year ended June 30, 2018, which represents 64% and 15%, respectively, of total public support and revenue. Grants and contracts totaling $84,514,319 and $21,610,572 were received from the U.S. Agency for International Development and the U.S. Department of State, respectively, for the year ended June 30, 2017, which represents 65% and 17%, respectively, of total public support and revenue. Should these contribution levels decrease, the Organization may be adversely affected.

(10) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets totaling $5,139,656 and $2,969,322 at June 30, 2018 and 2017 are restricted for relief programs in future periods, respectively.

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Permanently restricted net assets totaling $300,000 at June 30, 2018 and 2017 consist of donor-restricted endowments to be used as revolving loan funds for emergency disaster relief intervention.

(11) Line of Credit

The Organization executed a bank revolving credit agreement (the Agreement) in September 2005, as amended, which allows borrowings of up to $10,000,000. Borrowings under the Agreement bear interest at the greater of 2.5% or Prime Rate, which was 5% at June 30, 2018. The Agreement currently expires on July 1, 2019. There were no borrowings against the line of credit at June 30, 2018 and 2017.

(12) Investments in Equity Securities

Investments during the years ended June 30, 2018 and 2017 consist of the following:

	Fair value	
	2018	**2017**
Domestic equity	$ 2,514,894	2,025,463
Foreign equity	96,812	81,540
	$ 2,611,706	2,107,003

Fair value is defined as the amount that would be exchanged for an asset or to transfer a liability between market participants in an orderly transaction.

A three-tier hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three levels of the fair value hierarchy are as follows:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market 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 whole term of the assets or liabilities

Level 3 Prices or valuations that require inputs that are supported by little or no market activity and that are both significant to the fair value measurement and unobservable

At June 30, 2018 and 2017, all of the Organization's investments in equity securities are classified as Level 1 investments.

(13) Endowment

The Organization’s endowment consists of one individual fund established for disaster relief. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standards of prudence prescribed by UPMIFA.

The total permanently restricted net assets of $300,000 are donor-restricted endowments to be used as revolving loan funds.

Due to the nature of the endowment and the donor requirement, the endowments are invested in cash and cash equivalents throughout the year. During the years ended June 30, 2018 and 2017, the fair value of the assets associated with individual donor-restricted endowment funds did not fall below the level that the donor or UPMIFA requires the Organization to retain as funds of perpetual duration.

(14) Subsequent Events

The Organization has performed an evaluation of subsequent events through March 4, 2019, which is the date the financial statements were available to be issued.

Schedule 1

INTERNATIONAL MEDICAL CORPS
(A California Nonprofit Corporation)

Schedule of Functional Expenses

Year ended June 30, 2018
(with summarized totals for 2017)

	Total program services	Program management and evaluation	Supporting services: Management and general	Supporting services: Fund-raising	Supporting services: Total supporting services	Totals: 2018	Totals: 2017
Salaries and employee benefits	$ 39,308,310	7,067,084	10,822,322	820,676	11,642,998	58,018,392	62,881,973
Housing/food allowances	1,909,688	—	66,874	—	66,874	1,976,562	2,715,207
Professional fees	7,755,073	824,094	3,261,613	666,949	3,928,562	12,507,729	10,216,947
Transportation	7,083,501	23,368	19,412	196	19,608	7,126,477	8,193,086
Capital expenditures	2,670,293	—	—	—	—	2,670,293	3,326,247
Depreciation	—	—	1,609,241	10,389	1,619,630	1,619,630	1,774,054
Travel	4,389,053	573,854	392,910	53,318	446,228	5,409,135	4,580,009
Conferences and meetings	273,501	39,218	45,366	293	45,659	358,378	409,301
Supplies, materials, and services	19,688,163	23,088	135,783	4,221	140,004	19,851,255	22,358,672
Communication	1,188,319	87,159	362,498	5,023	367,521	1,642,999	1,940,513
Postage and shipping	35,006	12,654	13,163	46,943	60,106	107,766	193,472
Insurance	636,548	96,230	166,148	10,950	177,098	909,876	887,586
Occupancy	4,467,255	448,444	768,455	4,250	772,705	5,688,404	7,005,310
Other costs	1,721,435	(799,010)	(2,857,285)	501,603	(2,355,682)	(1,433,257)	(1,365,535)
Subrecipients	7,253,283	—	—	—	—	7,253,283	10,097,031
Donated supplies and food commodities	4,808,432	—	—	—	—	4,808,432	3,431,425
Donated services	181,808	—	—	—	—	181,808	156,986
Total operating expenses	103,369,668	8,396,183	14,806,500	2,124,811	16,931,311	128,697,162	138,802,284
Nonoperating expenses (nonrecurring)	1,600,000	—	—	—	—	1,600,000	—
Total expenses	$ 104,969,668	8,396,183	14,806,500	2,124,811	16,931,311	130,297,162	138,802,284

See accompanying independent auditors’ report.