



Reliv Kalogris Foundation

Financial Statements

Years Ended December 31, 2014 and 2013

Mueller Prost

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Years Ended December 31, 2014 and 2013

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Report of Independent Auditors

Board of Trustees
Reliv Kalogris Foundation
Chesterfield, Missouri

We have audited the accompanying financial statements of Reliv Kalogris Foundation (the “Foundation”) (an Illinois Non-Profit Organization), which comprise the statements of cash receipts and cash disbursements and statements of functional expenses for the years ended December 31, 2014 and 2013, and the related notes to the financial statements.

Management’s Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash receipts and cash disbursement basis of accounting as described in Note 2; this includes determining that the cash receipts and cash disbursements basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and cash disbursements of Reliv Kalogris Foundation for the years ended December 31, 2014 and 2013, in accordance with the cash receipts and cash disbursements basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash receipts and cash disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Mueller Prott LC

June 10, 2015
St. Louis, Missouri

Certified Public Accountants

Reliv Kalogris Foundation
Statements of Cash Receipts and Cash Disbursements
Years Ended December 31

	2014			2013		
	Unrestricted Cash	Restricted Cash	Total	Unrestricted Cash	Restricted Cash	Total
Support and Revenue from Cash Receipts						
Contributions	\$ 899,052	\$ -	\$ 899,052	\$ 981,908	\$ 25,735	\$ 1,007,643
Fundraising	61,696	-	61,696	35,458	-	35,458
Donation from Foundation Sponsor	2,353	-	2,353	2,212	-	2,212
Interest	2,129	-	2,129	3,887	-	3,887
Total Cash Receipts	965,230	-	965,230	1,023,465	25,735	1,049,200
Cash Disbursements						
Program Services	972,603	25,735	998,338	1,073,481	-	1,073,481
Support Services:						
General and Administrative	22,023	-	22,023	23,979	-	23,979
Fundraising	5,933	-	5,933	15,799	-	15,799
Total Cash Disbursements	1,000,559	25,735	1,026,294	1,113,259	-	1,113,259
Excess(Deficiency) of Cash Receipts over Cash Disbursements	(35,329)	(25,735)	(61,064)	(89,794)	25,735	(64,059)
Cash Balance - Beginning of Year	737,927	25,735	763,662	827,721	-	827,721
Cash Balance - End of Year	\$ 702,598	\$ -	\$ 702,598	\$ 737,927	\$ 25,735	\$ 763,662

Reliv Kalogris Foundation
Statements of Functional Expenses
For the Year Ended December 31, 2014

	Program Services				Support Services			Total
	<i>Nourish</i>	Feeding	Philippines	Total	Fund-	General	Total	
	<i>Our</i>	Center	Typhoon					
<i>World</i>	Development	Relief	Programs	raising	Administrative	Services		
<u>Cash Disbursements-Unrestricted</u>								
Nutritional Products (including distribution)	\$ 799,816	\$ -	\$ 5,027	\$ 804,843	\$ -	\$ -	\$ -	\$ 804,843
Program Managers' Stipend	97,589	-	-	97,589	-	-	-	97,589
Donation	-	20,755	-	20,755	-	-	-	20,755
Travel	40,844	-	-	40,844	-	-	-	40,844
Equipment	915	-	649	1,564	-	-	-	1,564
Special Event	-	-	-	-	2,714	-	2,714	2,714
Promotional Materials	-	-	-	-	3,219	-	3,219	3,219
Accounting & Consulting Fees	-	-	-	-	-	13,835	13,835	13,835
Government Registration Fees	-	-	-	-	-	5,972	5,972	5,972
Supplies and Other	6,225	-	783	7,008	-	2,216	2,216	9,224
	945,389	20,755	6,459	972,603	5,933	22,023	27,956	1,000,559
<u>Cash Disbursements-Restricted</u>								
Donation	\$ -	-	25,735	25,735	-	-	-	25,735
	-	-	25,735	25,735	-	-	-	25,735
	\$ 945,389	\$ 20,755	\$ 32,194	\$ 998,338	\$ 5,933	\$ 22,023	\$ 27,956	\$ 1,026,294

Reliv Kalogris Foundation
Statements of Functional Expenses (continued)
For the Year Ended December 31, 2013

	Program Services				Support Services			Total
	<i>Nourish Our World</i>	Feeding Center Development	Philippines Typhoon Relief	Total Programs	Fund-raising	General Administrative	Total Support Services	
<u>Cash Disbursements-Unrestricted</u>								
Nutritional Products (including distribution)	\$ 753,283	\$ -	\$ 39,110	\$ 792,393	\$ -	\$ -	\$ -	\$ 792,393
Program Managers' Stipend	107,758	-	-	107,758	-	-	-	107,758
Donation	-	130,311	-	130,311	-	-	-	130,311
Travel	29,750	-	-	29,750	-	-	-	29,750
Special Event	-	-	-	-	3,124	-	3,124	3,124
Promotional Materials and Advertising	-	-	-	-	12,675	-	12,675	12,675
Accounting & Consulting Fees	-	-	-	-	-	14,061	14,061	14,061
Government Registration Fees	-	-	-	-	-	5,736	5,736	5,736
Supplies and Other	13,269	-	-	13,269	-	4,182	4,182	17,451
	904,060	130,311	39,110	1,073,481	15,799	23,979	39,778	1,113,259
<u>Cash Disbursements-Restricted</u>	-	-	-	-	-	-	-	-
	\$ 904,060	\$ 130,311	\$ 39,110	\$ 1,073,481	\$ 15,799	\$ 23,979	\$ 39,778	\$ 1,113,259

See accompanying notes to financial statements.

Reliv Kalogris Foundation
Notes to Financial Statements
December 31, 2014

1. Nature and Purpose of the Organization

The Reliv Kalogris Foundation (the “Foundation”) (formerly Kalogris Foundation) is an Illinois not-for-profit corporation and registered in all states in which it conducts business. The Internal Revenue Service has issued a ruling that the Foundation is a Section 501(c)(3) charitable organization and qualifies as a public charity under Section 509(a)(1) of the Internal Revenue Code. As such, it is exempt from federal income taxation on related income.

It is the mission of the Foundation to provide needy individuals (the indigent and victims of natural disasters) with nutritional products. This mission is accomplished through gifts of nutritional products directly to needy individuals as well as food banks, homeless shelters, rehabilitation centers, and disaster relief groups in the United States and selected foreign countries. The Foundation’s goal is to *Nourish our World* through the delivery of its nutritional products to the needy.

The Foundation is sponsored by Reliv International, Inc. (Reliv), a for-profit corporation which is headquartered in Chesterfield, Missouri. Reliv conducts its operations and sells its products through an international network marketing system using independent distributors. The Foundation’s primary source of revenue is donations from Reliv’s independent distributors.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the cash receipts and cash disbursements basis of accounting. Under this methodology, revenues and expenses are recorded when cash is received or paid by the Foundation. This method differs from the accrual basis of accounting under generally accepted accounting principles in which revenues and expenses are recognized in the financial statements when earned or incurred. Also, under the cash receipts and cash disbursements basis of accounting, non-cash contributions are not recognized. Accordingly, the accompanying financial statements are not intended to present the financial position or results of operations in conformity with generally accepted accounting principles.

Cash Equivalents

Cash and cash equivalents include bank demand deposits and certificates of deposit funds with a maturity date of one year or less when purchased.

Reliv Kalogris Foundation
Notes to Financial Statements
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

Foreign Currency Translation

The Foundation's reporting currency for its financial statements is the United States dollar. The Foundation also receives donations and makes expenditures in foreign currencies. In these instances, transaction amounts are translated using the transaction's actual currency exchange rate or the month-end currency exchange rate incurred upon settlement of the transaction. The exchange transactions are completed by Reliv on behalf of the Foundation before the cash is transferred to the Foundation.

Functional Expenses

The costs of the Foundation's programs and supporting services have been reported on a functional basis. This requires allocation of certain costs among the various programs and supporting services based on estimates made by management.

Program Services

Program services costs primarily consist of the Foundation's expenditures to purchase and distribute nutritional products to the needy in the United States and selected foreign countries. In certain impoverished foreign country locations, the Foundation has developed "feeding programs" which serve as a central location for the needy to receive his or her daily serving of nutrition. In these instances, the Foundation may also pay a stipend to a local country-based independent contractor who coordinates the local feeding program on its behalf.

In 2014 and 2013, utilizing unrestricted funds, the Foundation made a series of donations to local organizations totaling \$20,755 and \$130,311, respectively. These donations fund infrastructure improvements to Foundation sponsored local feeding programs, as follows:

Reliv Kalogris Foundation
Notes to Financial Statements
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

Program Services (continued)

	2014	2013
<u>Cavite, Philippines</u> : Routine facility maintenance, (includes typhoon damage repairs), to a building constructed with a Foundation grant in 2007 to house local feeding program.	\$ 12,162	\$ 46,522
<u>Welfareville, Philippines</u> : Funding to construct new building to be used for the distribution of daily shakes, for choir practice, as a place of worship, for day care, life skills training, and a clinic for visiting doctors. Completed in May 2013.	-	41,349
<u>St. John the Baptist National School of Petite-Anse, Haiti</u> : Funding provided for the repair, reinforcement and refurbishing of this school that was damaged in the 2010 earthquake. The school reopened with new paint, new desks, new blackboards, and supplies for the teachers and students. Children living in the Cap Haitien Orphanage Facility as well as children from the surrounding neighborhood attend. Project completed in December 2013.	-	38,900
<u>Cathedral of Cap Haitien Orphanage Facility</u> : Routine facility maintenance to a building constructed in 2011 & 2012 to house children orphaned as a result of the January 2010 Haiti earthquake. The kitchen in the building also supports a feeding center. Construction of the orphanage facility was completed in 2012.	2,600	3,250
<u>Haiti Orphanage iof Quanaminthe</u> : Foundation supplied orphanage new beds for 27 destitute children who have been feeding program participants for two years.	2,300	-
<u>Haiti (multiple locations)</u> : Purchase and install low-volume water filtration systems needed for nutritional product preparation at local feeding programs.	993	290
<u>Other</u> :	2,700	-
	\$ 20,755	\$ 130,311

Reliv Kalogris Foundation
Notes to Financial Statements
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

Restricted Funds

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted cash, depending on the existence and/or nature of any donor restrictions. The Foundation has not received any permanently restricted donations.

In late 2013, the Foundation received restricted contributions of \$25,735 resulting from a special donor appeal to support those affected by Typhoon Haiyan in the city of Tacloban, Philippines. Foundation management disbursed these restricted funds in 2014 to repair typhoon-damaged community facilities located in the Tacloban area. In 2014 and 2013, utilizing unrestricted funds, the Foundation contributed \$6,459 and \$39,110, respectively of its nutritional products, equipment, and supplies to Typhoon Haiyan relief efforts.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Therefore, there are no provisions for income taxes reflected in these financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2014 and 2013.

The Foundation's information returns, for the years ending 2014, 2013, 2012, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Reliv Kalogris Foundation
Notes to Financial Statements
December 31, 2014

3. Related Party Transactions

As stated in Note 1, the Foundation's primary source of revenue is donations received from Reliv's independent distributors. Donations received from Reliv and its employees as well as proceeds from fundraising events held by the Foundation and Reliv independent distributors comprise the remainder of the Foundation's non-interest revenue.

The Foundation also receives support from Reliv consisting of the free use of Reliv's office facilities, office equipment, and overall general and administrative office support. Reliv also bears the total compensation costs of the Foundation's two full-time employees in the United States as well as other Reliv employees who, from time to time, assist with the Foundation's operations.

In 2012, an individual who previously provided Haiti region program consulting services directly to the Foundation was hired as a part-time Reliv employee to continue this work. The Foundation reimburses Reliv for the compensation costs for this individual.

To provide its program services, the Foundation purchases nutritional products from Reliv. The purchases are valued at Reliv's cost to manufacture and distribute the product. The Foundation determines the nature, timing, and distribution of all nutritional products purchased from Reliv and delivered to its recipients. For 2014 and 2013, payments to Reliv by the Foundation for products and related distribution totaled \$783,505 and \$755,358, respectively.

4. Significant Funders

The Foundation primarily solicits donations from the general public through Reliv's independent distributors. As a result, the Foundation is fully dependent upon the continued existence of Reliv and Reliv's independent distributors for cash donations, donated human resources and services, and the Foundation's purchase of nutritional products at amounts less than fair market value.

5. Subsequent Events

Management has evaluated subsequent events through the date of the auditors' report, the date the financial statements were available for issuance.