CURE INTERNATIONAL, INC.

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2014

CURE INTERNATIONAL, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Cure International, Inc.
Lemoyne, Pennsylvania

We have audited the accompanying financial statements of Cure International Inc. ("CURE") which comprise the statement of financial position as of June 30, 2014, and the statements of activities and changes in net assets, functional expenses and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CURE as of June 30, 2014, the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

The Board of Directors
Cure International, Inc.
Lemoyne, Pennsylvania

Report on Summarized Comparative Information

We have previously audited CURE's 2013 financial statements, and our report dated February 4, 2014, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
December 5, 2014

CURE INTERNATIONAL, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2014 And 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,860,442	$ 5,539,710
Restricted cash – fixed deposit ***(Note 7)***	1,028,345	1,015,486
Investments ***(Note 2)***	246,852	240,532
Contributions receivable ***(Note 4)***	5,206,148	2,592,018
Patient and other receivables, net ***(Note 5)***	5,042,391	3,918,099
Accounts receivable – U.S. Government	10,867	506,271
Prepaid expenses and other assets	1,183,777	1,254,453
Advances to supplier ***(Note 8)***	4,095,754	3,459,706
Total current assets	22,674,576	18,526,275
Inventory of donated and purchased medical equipment and supplies	5,686,863	6,333,191
Buildings and equipment, net of accumulated depreciation of $20,361,209 in 2014 and $18,979,517 in 2013 ***(Note 6)***	109,257,678	105,119,768
Contributions receivable ***(Note 4)***	826,470	538,288
	110,084,148	105,658,056
Total assets	$ 138,445,587	$ 130,517,522
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Lines of credit ***(Note 7)***	$ 1,246,865	$ 2,115,457
Accounts payable and accrued expenses	9,838,133	8,121,445
Current portion of notes payable ***(Note 8)***	1,238,233	878,438
Total current liabilities	12,323,231	11,115,340
LONG-TERM DEBT ***(Note 8)***	3,116,487	2,643,297
Total liabilities	15,439,718	13,758,637
NET ASSETS		
Unrestricted		
Operations	108,703,426	105,337,048
Donated medical equipment and supplies	5,686,863	6,333,191
Total unrestricted	114,390,289	111,670,239
Temporarily restricted ***(Note 9)***	8,615,580	5,088,646
Total net assets	123,005,869	116,758,885
Total liabilities and net assets	$ 138,445,587	$ 130,517,522

CURE INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2014 With Summarized Information For 2013

	Unrestricted	Temporarily Restricted	2014 Totals	2013 Totals
SUPPORT AND REVENUE				
Contributions	$ 7,823,809	$ 13,571,699	$ 21,395,508	$ 17,250,081
Contributions – In-Kind ***(Note 10)***	4,064,944	-	4,064,944	10,536,837
Contributions – donated use of facilities and land	643,291	-	643,291	643,291
Government grants	439,729	-	439,729	818,274
Interest and dividends	46,446	-	46,446	15,196
Realized and unrealized (losses) gains on investments	(5,188)	-	(5,188)	32,788
Patient revenue and other income ***(Note 5)***	36,249,887	-	36,249,887	29,576,709
Total	49,262,918	13,571,699	62,834,617	58,873,176
Net assets released from restrictions *(Note 9)*	10,044,765	(10,044,765)	-	-
Total support and revenue	59,307,683	3,526,934	62,834,617	58,873,176
EXPENSES				
Program Services	51,395,223	-	51,395,223	49,955,039
Supporting Services				
Administration	476,805	-	476,805	623,931
Fund-raising	3,007,554	-	3,007,554	2,285,281
Total supporting services	3,484,359	-	3,484,359	2,909,212
Total expenses	54,879,582	-	54,879,582	52,864,251
Excess of support and revenue over expenses	4,428,101	3,526,934	7,955,035	6,008,925
OTHER CHANGES				
Reduction of value of inventory due to obsolescence	(114,766)	-	(114,766)	(3,556,705)
Loss on disposal of fixed assets	(1,062,931)	-	(1,062,931)	-
Disposal of wholly-owned entity	-	-	-	(71,128)
Unrealized exchange loss on consolidation	(530,354)	-	(530,354)	(759,637)
	(1,708,051)	-	(1,708,051)	(4,387,470)
CHANGE IN NET ASSETS *(Note 9)*	2,720,050	3,526,934	6,246,984	1,621,455
NET ASSETS *(Note 9)*				
Beginning of year	111,670,239	5,088,646	116,758,885	115,137,430
End of year	$ 114,390,289	$ 8,615,580	$ 123,005,869	$ 116,758,885

CURE INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2014 With Summarized Information For 2013

	Program Services	Administration	Fund-Raising	2014 Totals	2013 Totals
Salaries and benefits	$ 29,017,881	$269,429	$ 1,161,837	$30,449,147	$ 28,122,603
Hospital operating costs and other grant support (includes in-kind materials and facilities/land of $1,467,583 in 2014 and $3,035,918 in 2013)	18,625,983	-	-	18,625,983	17,468,612
Office rent and other expenses	59,843	46,647	-	106,490	97,941
Office supplies and equipment	25,330	15,204	24,621	65,155	63,001
Printing, postage and video production	47,068	11,338	361,759	420,165	416,065
Professional fees	100,749	89,669	361,124	551,542	636,620
Telephone expense	38,886	20,621	12,509	72,016	77,223
Travel, meetings and seminars	773,568	13,813	1,022,982	1,810,363	1,588,498
Bank fees	20,000	4,295	51,059	75,354	63,836
Depreciation expense	2,665,765	3,165	11,663	2,680,593	4,258,873
Miscellaneous	20,150	2,624	-	22,774	70,979
Total expenses	$ 51,395,223	$476,805	$ 3,007,554	$54,879,582	$ 52,864,251

CURE INTERNATIONAL, INC.

STATEMENT OF CASH FLOWS

Years Ended June 30, 2014 And 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,246,984	$ 1,621,455
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,680,593	4,258,873
Gift-in-kind	(4,064,944)	(10,536,837)
Unrealized loss on foreign exchange rates	530,354	759,637
Loss on disposal of fixed assets	1,062,931	-
Realized and unrealized losses (gains) on investments	5,188	(32,788)
(Decrease) increase in allowance for doubtful accounts	(41,666)	38,434
Reduction of value of inventory due to obsolescence	114,766	3,556,705
(Increase) decrease in assets		
Prepaid and other assets	70,676	(2,309)
Advances to supplier	(636,048)	(3,459,706)
Patient and other receivables	(1,082,626)	1,507,586
Contributions receivable	(2,902,312)	(1,061,868)
Inventory of donated medical equipment and supplies	3,073,932	2,177,249
Accounts receivable – U.S. Government	495,404	145,809
Increase in liabilities		
Accounts payable and accrued expenses	1,716,688	194,666
Net cash provided by (used in) operating activities	7,269,920	(833,094)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(11,508)	-
Purchase of buildings and equipment	(6,889,214)	(3,800,031)
Net cash used in investing activities	(6,900,722)	(3,800,031)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in restricted cash – fixed deposit	(12,859)	(130,574)
Net (payments) proceeds on lines of credit	(868,592)	756,784
Proceeds from debt issuance	1,258,390	3,509,848
Payments made on debt	(425,405)	(120,668)
Net cash (used in) provided by financing activities	(48,466)	4,015,390
Net increase (decrease) in cash and cash equivalents	320,732	(617,735)
CASH AND CASH EQUIVALENTS		
Beginning of year	5,539,710	6,157,445
End of year	$ 5,860,442	$ 5,539,710

SUPPLEMENTAL DISCLOSURE

Total interest paid for the years ended June 30, 2014 and 2013 was $553,704 and $197,717, respectively.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Cure International, Inc. ***("CURE")*** is a not-for-profit, interdenominational Christian organization that establishes hospitals and medical programs in developing countries with a primary focus on the physically disabled child. CURE is devoted to implementing "Centers of Excellence", bringing the latest techniques in cost effective medical care and organization to developing countries with a focus on excellence in patient care, compassion, training and in the quality of equipment and facilities. To that end, CURE has four main areas of focus; hospital management; financial support and partnering; sending key personnel; and training local doctors, nurses, and administrators.

BASIS OF PRESENTATION

The financial statements include the accounts of CURE and its controlled (through the Board of Directors and economic interest) hospital organizations and, through November 8, 2012, CURE International (Hong Kong) Limited ***("Limited")***, a wholly owned for-profit health investment services entity and its sole membership in Health Investment Services, Inc. ***("HIS")***, a U.S. non-profit organization.

The hospital organizations controlled by CURE are the Children's Orthopedic Hospital of Uganda ***("Uganda")***, Beit Trust Cure Hospital ***("Malawi")***, Beit – CURE Hospital ***("Zambia")***, Cure International Center for Orthopedic Specialties ***("Dominican Republic")***, AIC CURE Hospital of Kenya ***("AIC CURE"),*** Oasis Hospital in the United Arab Emirates ***("UAE")***, CURE International Ethiopia Children's Hospital ***("Ethiopia")***, and CURE Hospital des Enfants au Niger ***("Niger")***. These hospital organizations own and operate hospital facilities within the respective countries. CURE operates a hospital in Kabul, Afghanistan at a facility owned by the Government of Afghanistan. CURE has a hospital under construction in the Philippines. All significant intercompany accounts and transactions have been eliminated.

CURE International Honduras ***("Honduras")*** ceased operations in 2013 and in 2013 CURE disposed of Limited and HIS. As a result of the disposal of control of Limited and HIS, CURE recognized a loss of $71,128. During 2014 equipment from Honduras was transferred to the Dominican Republic totaling approximately $69,000. The remaining equipment was disposed of resulting in a loss of $1,062,931 reported as loss on disposal of fixed assets in the statement of activities.

The financial statements are presented in U.S. dollars. The financial records of these controlled organizations are kept in local currencies. Assets, liabilities and net assets are translated at year-end rates of exchange and revenue and expenses are translated at the average rates of exchange during the year. Since the hospitals are located primarily in developing countries, the value of the local currencies is subject to a greater degree of change and, therefore, could result in significant exchange gains (losses).

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

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 supporting services.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include money market funds and certificates of deposit with maturities of three months or less.

CONCENTRATION OF CREDIT RISK

CURE has exposure to credit risk associated with patient receivables, primarily related to UAE (see ***"Patient Revenue and Receivables"*** below). In addition, CURE occasionally maintains deposits in excess of federally insured limits in the United States. Accounting Standards Codification ***("ASC")*** 825, ***"Financial Instruments"*** identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which the deposits are made.

INVESTMENTS

CURE records its investments in securities at fair value.

BUILDINGS AND EQUIPMENT

Property, plant and equipment are recorded at cost. Buildings and equipment are depreciated over their estimated useful lives using the straight-line method of depreciation – 5 to 30 years.

Donated medical equipment and the cost of donated construction services for the hospital in the UAE ***(See Note 4)*** are valued at the estimated fair value at date of receipt. Donated medical equipment is amortized over the estimated useful life after commencement of use of such equipment based on the assigned value on date of receipt.

DONATED MEDICAL SUPPLIES, DRUGS AND FACILITIES

Donated medical supplies are valued and recorded as revenue at their estimated fair value based upon CURE's estimate of the wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Drug contributions legally permissible to sell in the United States are valued using a hierarchy of pricing inputs that approximates wholesale prices in the United States. Drug contributions not legally permissible to sell in the United States, but approved for sale outside the United States, are valued based upon wholesale market price data in countries representing principal exit markets of such products.

Expenses for donated medical supplies and drugs are recorded when used at the value recorded on date of receipt.

CURE also receives, at no cost, the use of a hospital building and various parcels of land on which the hospital buildings are located. These contributed facilities and land are recognized at the estimated fair rental value of such property.

NET ASSETS

CURE reports its resources, according to externally (donor) imposed restrictions, in the following net asset categories.

Unrestricted net assets include the following:

- ***Operations*** **–** Net assets attributable to operations include the revenues and expenses associated with the principal mission of CURE.

- ***Donated Medical Equipment and Supplies*** **–** Donated medical equipment and supplies are stated at fair value on the date of gift.

Temporarily restricted net assets include gifts for which donor-imposed restrictions, both purpose and time, have not been met.

CONTRIBUTIONS

CURE records unconditional promises to give (pledges) as a receivable and revenue in the year pledged net of the discount to present value of the future cash flows. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are then classified to unrestricted net assets and reported in the statement of activities as ***"net assets released from restrictions."***

PATIENT REVENUE AND RECEIVABLES

Patient revenue is recorded at the estimated net realizable amounts from patients, third-party payors, government assistance programs and others when the service is rendered. Additions to the allowance for doubtful accounts are made by means of the provision for doubtful accounts. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts and subsequent recoveries are added. The amount of the provision for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in local government and private employer health care coverage and other collection indicators.

U.S. GOVERNMENT GRANTS

CURE records revenue when expenditures are incurred under U.S. Government grants or other exchange transactions.

INCOME TAXES

Under provisions of the Internal Revenue Code Section 501(c)(3) and the applicable income tax regulations, CURE is exempt from taxes on income. Therefore, no provision for income taxes has been made.

Management has reviewed the tax positions for each of the open tax years (2011 - 2013) or expected to be taken in CURE's 2014 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the CURE's audited financial statements for the year ended June 30, 2013, from which the summarized information was derived.

(2) INVESTMENTS

Investments at June 30 consisted of the following:

	2014		2013	
	Cost	**Market**	**Cost**	**Market**
Mutual Funds	$ 179,660	$ 159,720	$ 172,750	$ 145,491
Common Stock	266,796	87,132	262,151	95,041
	$ 446,456	$ 246,852	$ 434,901	$ 240,532

(3) FAIR VALUE OF FINANCIAL INSTRUMENTS

CURE utilized various methods to measure the fair value of investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

All of CURE's investments as of June 30, 2014 and 2013 are valued based on Level 1 inputs. No transfers between Level 1 and Level 2 occurred during the years ended 2014 and 2013.

(4) CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as contributions receivable. These contributions receivable are recorded after discounting to the present value of the future cash flows. The contributions receivable are expected to be realized as follows:

	2014	2013
In less than one year	$ 5,206,148	$ 2,592,018
One to five years	862,000	600,000
Contributions receivable	6,068,148	3,192,018
Less: discount to present value (5%)	35,530	61,712
	$ 6,032,618	$ 3,130,306

At June 30, 2014, CURE had a conditional promise to give from a donor for $4,650,000.

(5) PATIENT AND OTHER RECEIVABLES, NET

As of June 30, 2014 and 2013, the patient receivables were net of allowance for doubtful amounts of $762,878 and $804,545, respectively. Approximately 84% in 2014 ($30,372,262) and 83% in 2013 ($24,522,822) of the patient and other hospital income revenue was earned by UAE as a result of approximately 85% of patients in the UAE having health insurance coverage.

(6) BUILDINGS AND EQUIPMENT

Buildings and equipment consist of the following at June 30:

	2014	2013
U.S. Headquarters		
Land and office building	$ 672,689	$ 659,053
Furniture and equipment	464,836	451,516
Overseas Hospitals		
Land and hospital buildings (2)	20,863,534	23,013,038
Furniture and equipment (1)	18,977,664	16,967,619
Hospitals and additions to hospitals under construction (2)		
UAE	85,711,587	81,387,907
Philippines	2,928,577	1,620,152
	129,618,887	124,099,285
Less accumulated depreciation	20,361,209	18,979,517
	$ 109,257,678	$ 105,119,768

(1) Includes $3,147,757 received as a contribution in-kind for the UAE hospital.
(2) Includes $90,212,957 received as a contribution in-kind for the UAE hospital (see below).

Hospitals owned by CURE in Kenya, Malawi, Niger and Uganda operate under ground leases which expire between 2048 and 2099. In addition, CURE operates a hospital in Afghanistan provided by the Government of Afghanistan. The donated value for the use of these facilities amounted to $643,291 for 2014 and 2013. During 2012, CURE began constructing a hospital in the Philippines, the cost to construct the hospital building through June 30, 2014 was $2,928,577.

The Government of the United Arab Emirates approved a grant in the approximate amount of $90,642,000 (333 million Dhs.) to the General Health Authority for the hospital construction project of UAE. The construction project and related costs are subject to the approval of the Project Committee, established by the Government of the United Arab Emirates. Once approved, funds are transmitted to the various vendors for the related contract costs. As such, UAE records the construction costs and the related contribution in-kind when such expenses have been incurred. For the year ended June 30, 2014 and 2013, CURE recorded $1,404,297 (cumulative amount recorded approximately $90 million at the currency exchange rate in effect at the time of payment) and $8,428,417 of donated construction services, respectively, which is included in Contributions – In-Kind in the Statement of Activities and Changes in Net Assets.

(7) LINES OF CREDIT

UAE has a $1,905,384 (AED 7 million) line of credit with a commercial bank in Abu Dhabi, United Arab Emirates. Outstanding balances are subject to an interest rate of 5% over the 3 month Emirates Bank Offering Rate (EBOR) with a minimum interest rate of 8.5%. Any amounts drawn are payable on demand by the bank. The agreement is renewable on July 31 of each year. Outstanding balances on the line of credit were $820,640 and $1,361,656 as of June 30, 2014 and 2013, respectively.

Additionally, UAE has an overdraft facility agreement in the amount of $1,360,989 (AED 5 million) with the same bank where interest is charged at a rate of 2% above the highest interest rate earned on UAE's fixed deposits with the bank on the facility balance up to UAE's fixed deposit balance, with a minimum interest rate of 6.5%. For the facility balance in excess of the fixed deposit balance, interest is charged at a rate of 5% above the 3 month EBOR with a minimum interest rate of 8.5%. The agreement is renewable on July 31 of each year. $426,225 (AED 1,565,867) and $753,801 (AED 2,767,958) was outstanding on this facility at June 30, 2014 and 2013, respectively, and was below the fixed deposit balance. This facility is secured by a fixed deposit at the bank which had a balance of $1,028,345 and $1,015,486 at June 30, 2014 and 2013 respectively.

CURE has a $2,000,000 line of credit with the National Christian Foundation, Inc., a Not-for-Profit Organization in the United States. Interest is payable quarterly at the LIBOR rate plus 5%. In addition, CURE must pay a commitment fee of 1% on the unused portion of the line on a quarterly basis. The outstanding balance is payable on demand and is secured by substantially all of the assets of CURE. The agreement expires April 10, 2017. There was no outstanding balance as of June 30, 2014 and 2013.

(8) NOTES PAYABLE

A summary of CURE's notes payable at June 30, 2014 and 2013 is as follows:

		2014	2013
(A)	UAE – Term Loan (Equipment)	$ 4,348,762	$ 3,509,848
	Other	5,958	11,887
		$ 4,354,720	$ 3,521,735

(A) UAE – Term Loan (Equipment)

On January 10, 2013, the UAE entered into a term-loan agreement with a commercial bank in Abu Dhabi, United Arab Emirates for the purchase of new machinery and equipment for a total of $5,389,500 (AED 19.8 million) which bears interest at a rate of 8.5%. During the year UAE drew down $1,258,390 (AED 4.62 million). The loan will be repaid in 15 quarterly installments of $383,987 (AED 1.41 million) inclusive of interest starting on November 30, 2013 with one final installment due on August 30, 2017 covering the residual loan balance plus interest. As of June 30, 2014 and 2013 $4,095,754 and $3,459,706, respectively, was advanced to a supplier to secure medical equipment for the hospital and is included as Advance to supplier on the statement of financial position.

The loan is secured by the medical equipment financed by the bank under the loan. UAE is required to maintain a comprehensive insurance policy over the equipment in the bank's favor during the term of the loan.

Interest expense was $546,604 and $240,530 for the years ended June 30, 2014 and 2013, respectively.

Principal payments under the terms of the UAE Equipment Loan are as follows:

Year Ending	Payments
June 30, 2015	$ 1,238,233
June 30, 2016	1,307,907
June 30, 2017	1,423,514
June 30, 2018	385,066
	$ 4,354,720

(9) NET ASSETS

Unrestricted change in net assets is comprised of the following:

	2014	2013
Operating results	$ 4,591,637	$ 1,144,732
In-Kind contributions on construction of UAE hospital ***(See Note 4 and 10)***	1,404,297	8,428,417
Depreciation on hospital buildings and equipment	(2,629,556)	(4,197,993)
Change in inventory of donated medical equipment and supplies	(646,328)	(3,840,912)
Change in unrestricted net assets	$ 2,720,050	$ 1,534,244

Temporarily restricted net assets at June 30, 2014 and 2013 are available for the following purpose:

	2014	2013
Hospital construction and equipment	$ 577,202	$ 1,193,801
Hospital operations	1,773,000	607,673
Clubfoot programs	156,793	156,866
Hydrocephalus programs	75,967	-
Pledges receivable	6,032,618	3,130,306
	$ 8,615,580	$ 5,088,646

During the year ended June 30, 2014, net assets were released from donor restrictions by incurring expenses for missionary, program and capital expenditures of $6,957,535, and release of time restrictions of $3,087,230.

(10) CONTRIBUTIONS – IN-KIND

Contributions of donated medical equipment, supplies and services consist of the following:

	2014	2013
Medical and hospital equipment and supplies	$ 2,660,647	$ 2,108,420
Construction costs (Hospital in UAE)	1,404,297	8,428,417
	$ 4,064,944	$ 10,536,837

(11) PENSION PLANS

CURE has a Simplified Employee Pension Plan covering all employees, excluding foreign nationals, who have attained the age of 21 and have completed six months of service. CURE makes contributions to the plan on a discretionary basis based on a percentage of the employees compensation established by the Board of Directors. Total expense charged for contributions to the plan was approximately $218,000 and $232,000 for the years ended June 30, 2014 and 2013, respectively. In addition, CURE also has a 403(b) plan for its U.S. employees. CURE does not contribute to this plan.

CURE hospitals also contribute to various retirement plans established locally.

(12) SUBSEQUENT EVENTS

Subsequent events after the balance sheet through the date that the financial statements were available for issuance, December 5, 2014 have been evaluated in the preparation of the financial statements and management has determined that there are no subsequent events that would require disclosure or adjustment in the financial statements.