

ASSIST INTERNATIONAL, INC.
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
December 31, 2015 and 2014

ASSIST INTERNATIONAL, INC.

December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Assist International, Inc.
Scotts Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of Assist International, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2015 and 2014, 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Organization'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 Organization'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.

To the Board of Directors
Assist International, Inc.
Scotts Valley, California

Opinion

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

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenses are presented for purposes of additional analysis 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Ronald Blue & Co.
CPAs and Consultants, LLP*

Santa Ana, California

May 20, 2016

Except for Note 9, dated September 8, 2016

ASSIST INTERNATIONAL, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 8,282,250	\$ 6,596,203
Investments	132,501	131,460
Inventory	3,668,364	4,837,933
Other assets	27,191	7,334
Property and equipment, net	<u>2,237,310</u>	<u>2,281,955</u>
 Total assets	 <u>\$ 14,347,616</u>	 <u>\$ 13,854,885</u>
 Liabilities		
Accounts payable and accrued expenses	\$ 95,890	\$ 95,067
Note payable	<u>1,163,369</u>	<u>1,195,726</u>
 Total liabilities	 <u>1,259,259</u>	 <u>1,290,793</u>
 Net assets		
Unrestricted	3,832,464	2,834,165
Temporarily restricted	<u>9,255,893</u>	<u>9,729,927</u>
 Total net assets	 <u>13,088,357</u>	 <u>12,564,092</u>
 Total liabilities and net assets	 <u>\$ 14,347,616</u>	 <u>\$ 13,854,885</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2015 and 2014

	2015	2014
Unrestricted net assets		
Support and revenues		
Contributions	\$ 11,484,152	\$ 10,186,107
Investment income	65,747	57,160
Other support and revenues	69,130	79,323
Unrealized gain (loss) on investments	<u>66</u>	<u>(862)</u>
Total unrestricted support and revenues	11,619,095	10,321,728
Net assets released from restrictions	<u>5,451,315</u>	<u>6,374,477</u>
Total support and revenues	<u>17,070,410</u>	<u>16,696,205</u>
Expenses		
Program services	15,215,068	15,629,344
General and administrative	747,413	677,977
Fund-raising	<u>109,630</u>	<u>97,042</u>
Total expenses	<u>16,072,111</u>	<u>16,404,363</u>
Net change in unrestricted net assets	<u>998,299</u>	<u>291,842</u>
Temporarily restricted net assets		
Contributions	1,914,933	2,169,790
Donated equipment, materials and services	3,062,348	4,367,115
Net assets released from purpose restrictions	<u>(5,451,315)</u>	<u>(6,374,477)</u>
Net change in temporarily restricted net assets	<u>(474,034)</u>	<u>162,428</u>
Change in net assets	524,265	454,270
Net assets, beginning of year	<u>12,564,092</u>	<u>12,109,822</u>
Net assets, end of year	<u>\$ 13,088,357</u>	<u>\$ 12,564,092</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ 524,265	\$ 454,270
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	99,423	98,056
Unrealized (gain) loss on investments	(66)	862
Changes in:		
Inventory	1,169,569	1,069,584
Other assets	(19,857)	(5,794)
Accounts payable and accrued expenses	<u>823</u>	<u>86,151</u>
Net cash from operating activities	<u>1,774,157</u>	<u>1,703,129</u>
Cash flows from investing activities		
Acquisition of investments	(975)	(10,708)
Acquisition of property and equipment	<u>(54,778)</u>	<u>(20,782)</u>
Net cash from investing activities	<u>(55,753)</u>	<u>(31,490)</u>
Cash flows from financing activities		
Payments on note payable	<u>(32,357)</u>	<u>(23,316)</u>
Net cash from financing activities	<u>(32,357)</u>	<u>(23,316)</u>
Net change in cash and cash equivalents	1,686,047	1,648,323
Cash and cash equivalents, beginning of year	<u>6,596,203</u>	<u>4,947,880</u>
Cash and cash equivalents, end of year	<u>\$ 8,282,250</u>	<u>\$ 6,596,203</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Note 1 – Summary of significant accounting policies

The financial statements of Assist International, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies follows.

Business activity

Assist International, Inc. (the Organization) is a nonprofit corporation formed on February 2, 1990, providing resources from America to meet needs in developing and third world countries. The Organization has been granted recognition by the Internal Revenue Service as a tax-exempt, publicly supported organization.

Basis of presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2015 and 2014, there were no net assets or activities classified as permanently restricted.

Financial statement estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Concentrations

As of December 31, 2015 and 2014, and at various times throughout each year, the Organization maintained certain cash in bank deposit accounts in excess of Federal Deposit Insurance Corporation (FDIC) limits.

During 2015 and 2014, approximately 71% and 74% respectively, of the Organization's contributions, including donated equipment, materials and services, were made by its largest donor.

Cash and cash equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of three months or less.

Investments

Investments in equity securities with readily determinable fair market values are reported at their fair market values in the statements of financial position.

ASSIST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Note 1 – Summary of significant accounting policies (continued)

Inventory

Inventory represents donated medical equipment and supplies and is priced according to fair value. The first-in, first-out method is not observed because equipment is designated for specific projects. See Note 5.

Property and equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures in excess of \$1,000 for repairs, maintenance, and renewals that materially prolong the useful lives of assets are capitalized. Property and equipment is stated at cost or estimated fair value at date of receipt if donated. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Depreciation expense for the years ended December 31, 2015 and 2014, was \$99,423 and \$98,056, respectively.

Revenue recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions. All donor-restricted net assets are reported as an increase in temporarily restricted, 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 accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. During the years ended December 31, 2015 and 2014, there were no contributions received that were classified as permanently restricted.

Functional allocation of expenses

The Organization provides information about expenses by functional classification. Functional classification groups expenses by major classes of program services and supporting activities. Program services are expenses that directly fulfill the mission or purpose for which the organization exists. Supporting activities are those expenses that are not program services, but make it possible for the Organization to provide program services. Supporting activities typically include management, general and fund raising expenses.

Income taxes

The Organization is exempt from Federal and California income tax under Internal Revenue Code Section 501(c)(3). The Organization is subject, however, to Federal and California income tax on unrelated business income as stipulated in Internal Revenue Code Section 511 and Regulation Section 1.511. During the years ended December 31, 2015 and 2014, the Organization had no net unrelated business taxable income.

ASSIST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Note 1 – Summary of significant accounting policies (continued)

Income taxes (continued)

The Organization does not believe its financial statements include (or reflect) any uncertain tax provisions.

Donated materials and services

Donated materials are recorded as contributions in the accompanying statements at their estimated fair market value at the date of receipt.

A substantial number of volunteers, both professional and non-professional, have made significant donations of their time to the Organization's program services and administrative services. Donations of professional services have been recorded in the accompanying statements at their estimated fair market value. Non-professional donated services, however, have not been reflected in the financial statements as no objective basis is available to measure such services. Management has estimated that non-professional services rendered on a volunteer basis could be estimated in the tens of thousands of dollars.

Reclassifications

Certain prior year expenses have been reclassified to conform to the current year presentation.

Note 2 – Property and equipment

Property and equipment consisted of the following:

	2015	2014
Automobiles	\$ 208,612	\$ 162,612
Office equipment	141,332	132,554
Land and improvements	2,727,878	2,727,878
Less: accumulated depreciation	<u>(840,512)</u>	<u>(741,089)</u>
Property and equipment, net	<u>\$ 2,237,310</u>	<u>\$ 2,281,955</u>

ASSIST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Note 3 – Investments

Investments at December 31, 2015 and 2014, consisted of the following:

	Fair Market Value	Cost	Unrealized Gain (Loss)
December 31, 2015			
Investments in stock	<u>\$ 132,501</u>	<u>\$ 75,451</u>	<u>\$ 57,050</u>
	<u>\$ 132,501</u>	<u>\$ 75,451</u>	<u>\$ 57,050</u>
December 31, 2014			
Investments in stock	<u>\$ 131,460</u>	<u>\$ 75,451</u>	<u>\$ 56,009</u>
	<u>\$ 131,460</u>	<u>\$ 75,451</u>	<u>\$ 56,009</u>

The fair value of the Organization’s investments is measured based on levels of observable and reliable assumptions as follows:

Level 1: Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker traded transactions. These valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The Organization’s investments are measured and reported at fair value on a recurring basis.

The tables below set out fair value measurements based on the levels described above for December 31, 2015 and 2014, respectively:

	2015			
	Level 1	Level 2	Level 3	Total
Equity securities	<u>\$ 132,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,501</u>
Total	<u>\$ 132,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,501</u>

ASSIST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Note 3 – Investments (continued)

	2014			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 131,460	\$ -	\$ -	\$ 131,460
Total	\$ 131,460	\$ -	\$ -	\$ 131,460

Note 4 – Note payable

On July 7, 2008, the Organization obtained a note payable, secured by real property, to Assemblies of God Loan Fund in the amount of \$1,518,000. The note is payable in monthly interest installments of \$8,584 at a 7.00% rate of interest through March 15, 2029. The outstanding principal balance of the note payable for the years ended December 31, 2015 and 2014, was \$1,163,369 and \$1,195,726 respectively.

The required minimum payments for each of the next five years consisted of the following:

<u>December 31</u>	
2016	\$ 21,378
2017	22,923
2018	24,580
2019	26,357
2020	28,262

Note 5 – Temporarily restricted net assets

Temporarily restricted net assets at December 31, 2015 and 2014, were available for the following purposes:

	2015	2014
Romania projects	\$ 257,500	\$ 304,666
General Electric projects	5,063,119	5,693,710
Uganda projects	221,111	228,265
Inventory	3,668,364	3,458,478
Other relief and outreach efforts	45,799	44,808
Total temporarily restricted net assets	<u>\$ 9,255,893</u>	<u>\$ 9,729,927</u>

ASSIST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Note 6 – Operating leases

The Organization leases office space in Scotts Valley, California, and various office equipment from an unrelated party on month-to-month terms. Lease expense on these various agreements was \$27,133 and \$27,509 for the years ended December 31, 2015 and 2014, respectively.

The Organization leases a portion of their warehouse in Ripon, California to unrelated parties with various terms. Most are on a month-to-month basis, but some are considered non-cancelable over three year terms. Lease income for the years ended December 31, 2015 and 2014 was \$64,395 and \$46,147, respectively.

Projected future lease income for each of the next five years is as follows:

2016	\$	39,384
2017		34,200
2018		8,550
2019		-
2020		-

Note 7 – Supplemental disclosures to the statement of cash flows

	2015	2014
Cash paid during the year for:		
Interest	<u>\$ 82,649</u>	<u>\$ 84,689</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

Note 8 – Subsequent events

Management has evaluated the impact of any of subsequent events through May 20, 2016, the date on which the accompanying financial statements were available to be issued.

Note 9 – Subsequent discovery of facts

Management discovered that certain intercompany transfers had resulted in an overstatement of both revenue and expense in the same amount. As a result, both contributions revenue and relief and outreach expense have been reduced by \$373,803. These changes had no effect on net income for the year ended December 31, 2015. Any audit procedures applied subsequent to the original audit report date were limited solely to the revised financial information.

ASSIST INTERNATIONAL, INC.

SCHEDULE OF EXPENSES

For the Year Ended December 31, 2015

	Program <u>Services</u>	Supporting Services		<u>Total</u>
		<u>General and Administrative</u>	<u>Fund Raising</u>	
Accounting	\$ 14,677	\$ 12,008	\$ -	\$ 26,685
Auto	8,548	3,664	-	12,212
Bank charges	14,470	5,437	-	19,907
Benevolence	24,392	-	-	24,392
Board meetings	2,142	2,142	-	4,284
Depreciation	69,596	29,827	-	99,423
Dues and subscriptions	-	1,942	-	1,942
Insurance	95,614	53,783	-	149,397
Interest expense	82,649	-	-	82,649
Legal	5,028	5,028	-	10,056
Office expenses	74,238	74,239	-	148,478
Office rent	8,700	8,700	-	17,400
Payroll taxes	32,260	22,289	4,106	58,655
Postage	13,444	3,361	885	17,690
Printing and publications	23,346	5,836	1,536	30,718
Promotion	23,171	5,793	9,655	38,618
Relief and outreach efforts	13,612,395	-	-	13,612,395
Repairs and maintenance	476	267	-	743
Salaries and wages	734,236	507,291	93,448	1,334,975
Telephone	10,323	5,806	-	16,129
Travel	353,692	-	-	353,692
Warehouse expense	11,671	-	-	11,671
	<u>\$ 15,215,068</u>	<u>\$ 747,413</u>	<u>\$ 109,630</u>	<u>\$ 16,072,111</u>

See independent auditors' report

ASSIST INTERNATIONAL, INC.

SCHEDULE OF EXPENSES

For the Year Ended December 31, 2014

	Program Services	Supporting Services		Total
		General and Administrative	Fund Raising	
Accounting	\$ 14,424	\$ 11,801	\$ -	\$ 26,225
Auto	8,417	3,607	-	12,024
Bank charges	12,309	4,625	-	16,934
Benevolence	18,654	-	-	18,654
Board meetings	1,010	1,010	-	2,020
Depreciation	68,639	29,417	-	98,056
Dues and subscriptions	-	2,552	-	2,552
Insurance	91,838	51,659	-	143,497
Interest expense	84,689	-	-	84,689
Legal	250	249	-	500
Office expenses	39,239	39,240	-	78,479
Office rent	8,700	8,700	-	17,400
Payroll taxes	31,526	21,782	4,012	57,320
Postage	14,216	3,554	935	18,704
Printing and publications	21,039	5,260	1,384	27,683
Promotion	4,884	1,221	2,035	8,140
Relief and outreach efforts	14,124,864	-	-	14,124,864
Repairs and maintenance	9,852	5,541	-	15,393
Salaries and wages	696,739	481,385	88,676	1,266,800
Telephone	11,332	6,374	-	17,706
Travel	357,613	-	-	357,613
Warehouse expense	9,110	-	-	9,110
	<u>\$ 15,629,344</u>	<u>\$ 677,977</u>	<u>\$ 97,042</u>	<u>\$ 16,404,363</u>

See independent auditors' report