

ASSIST INTERNATIONAL, INC.  
FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT

December 31, 2014 and 2013

ASSIST INTERNATIONAL, INC.

December 31, 2014 and 2013

TABLE OF CONTENTS

	<u>Page Number</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statements of financial position	3
Statements of activities	4
Statements of cash flows	5
Notes to financial statements	6 - 11
<b>SUPPLEMENTARY SCHEDULES</b>	
Schedules of expenses	12 - 13

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, 2014 and 2013, 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, 2014 and 2013, 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  
July 10, 2015

ASSIST INTERNATIONAL, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 6,596,203	\$ 4,947,880
Investments	131,460	121,614
Inventory	4,837,933	5,907,517
Other assets	7,334	1,540
Property and equipment, net	<u>2,281,955</u>	<u>2,359,229</u>
 Total assets	 <u>\$ 13,854,885</u>	 <u>\$ 13,337,780</u>
 <b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 95,067	\$ 8,916
Note payable	<u>1,195,726</u>	<u>1,219,042</u>
 Total liabilities	 <u>1,290,793</u>	 <u>1,227,958</u>
 <b>Net assets</b>		
Unrestricted	2,834,165	2,542,323
Temporarily restricted	<u>9,729,927</u>	<u>9,567,499</u>
 Total net assets	 <u>12,564,092</u>	 <u>12,109,822</u>
 Total liabilities and net assets	 <u>\$ 13,854,885</u>	 <u>\$ 13,337,780</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2014 and 2013

	2014	2013
<b>Unrestricted net assets</b>		
Support and revenues		
Contributions	\$ 10,186,107	\$ 5,974,970
Investment income	57,160	36,977
Other support and revenues	79,323	151,285
Unrealized (loss)/gain on investments	<u>(862)</u>	<u>22,702</u>
Total unrestricted support and revenues	10,321,728	6,185,934
Net assets released from restrictions	<u>6,374,477</u>	<u>5,742,359</u>
Total support and revenues	<u>16,696,205</u>	<u>11,928,293</u>
Expenses		
Program services	15,624,534	12,173,846
General and administrative	682,787	594,354
Fund-raising	<u>97,042</u>	<u>85,949</u>
Total expenses	<u>16,404,363</u>	<u>12,854,149</u>
Net change in unrestricted net assets	<u>291,842</u>	<u>(925,856)</u>
<b>Temporarily restricted net assets</b>		
Contributions	2,169,790	2,067,063
Donated equipment, materials and services	4,367,115	3,597,824
Net assets released from purpose restrictions	<u>(6,374,477)</u>	<u>(5,742,359)</u>
Net change in temporarily restricted net assets	<u>162,428</u>	<u>(77,472)</u>
Change in net assets	454,270	(1,003,328)
<b>Net assets, beginning of year</b>	<u>12,109,822</u>	<u>13,113,150</u>
<b>Net assets, end of year</b>	<u>\$ 12,564,092</u>	<u>\$ 12,109,822</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013

	2014	2013
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 454,270	\$ (1,003,328)
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	98,056	92,877
Unrealized (gain) loss on investments	862	(22,702)
Changes in:		
Inventory	1,069,584	632,595
Other assets	(5,794)	7,148
Accounts payable and accrued expenses	<u>86,151</u>	<u>(26,021)</u>
Net cash from operating activities	<u>1,703,129</u>	<u>(319,431)</u>
<b>Cash flows from investing activities</b>		
Acquisition of investments	(10,708)	2,318
Acquisition of property and equipment	<u>(20,782)</u>	<u>(55,030)</u>
Net cash from investing activities	<u>(31,490)</u>	<u>(52,712)</u>
<b>Cash flows from financing activities</b>		
Payments on note payable	<u>(23,316)</u>	<u>(17,024)</u>
Net cash from financing activities	<u>(23,316)</u>	<u>(17,024)</u>
Net change in cash and cash equivalents	1,648,323	(389,167)
Cash and cash equivalents, beginning of year	<u>4,947,880</u>	<u>5,337,047</u>
Cash and cash equivalents, end of year	<u>\$ 6,596,203</u>	<u>\$ 4,947,880</u>

See accompanying notes and independent auditors' report

## ASSIST INTERNATIONAL, INC.

### NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

#### 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, 2014 and 2013, 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, 2014 and 2013, 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 2014 and 2013, approximately 74% and 72% 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, 2014 and 2013

**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, 2014 and 2013, was \$98,056 and \$92,877, 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. During the years ended December 31, 2014 and 2013, 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, 2014 and 2013, the Organization had no net unrelated business taxable income.

ASSIST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**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:

	2014	2013
Automobiles	\$ 162,612	\$ 162,612
Office equipment	132,554	111,272
Land and improvements	2,727,878	2,728,378
Less: accumulated depreciation	<u>(741,089)</u>	<u>(643,033)</u>
Property and equipment, net	<u>\$ 2,281,955</u>	<u>\$ 2,359,229</u>

ASSIST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**Note 3 – Investments**

Investments at December 31, 2014 and 2013, consisted of the following:

	Fair Market Value	Cost	Unrealized Gain (Loss)
December 31, 2014			
Investments in stock	<u>\$ 131,460</u>	<u>\$ 75,451</u>	<u>\$ 56,009</u>
	<u><u>\$ 131,460</u></u>	<u><u>\$ 75,451</u></u>	<u><u>\$ 56,009</u></u>
December 31, 2013			
Investments in stock	<u>\$ 121,614</u>	<u>\$ 75,451</u>	<u>\$ 46,163</u>
	<u><u>\$ 121,614</u></u>	<u><u>\$ 75,451</u></u>	<u><u>\$ 46,163</u></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, 2014 and 2013, respectively:

	2014			
	Level 1	Level 2	Level 3	Total
Equity securities	<u>\$ 131,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,460</u>
Total	<u><u>\$ 131,460</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 131,460</u></u>

ASSIST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**Note 3 – Investments (continued)**

	2013			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 121,614	\$ -	\$ -	\$ 121,614
Total	\$ 121,614	\$ -	\$ -	\$ 121,614

**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, 2014 and 2013, was \$1,195,726 and \$1,219,042 respectively.

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

<u>December 31</u>	
2015	\$ 19,936
2016	21,378
2017	22,923
2018	24,580
2019	26,357

**Note 5 – Temporarily restricted net assets**

Temporarily restricted net assets at December 31, 2014 and 2013, were available for the following purposes:

	2014	2013
Romania projects	\$ 304,666	\$ 267,385
General Electric projects	5,693,710	4,531,514
Uganda projects	228,265	148,636
Inventory	3,458,478	4,591,057
Other relief and outreach efforts	44,808	28,907
Total temporarily restricted net assets	<u>\$ 9,729,927</u>	<u>\$ 9,567,499</u>

ASSIST INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**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 \$27,509 and \$17,635 for the years ended December 31, 2014 and 2013, 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, 2014 and 2013 was \$46,147 and \$63,969, respectively.

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

2015	\$	32,886
2016		38,304
2017		32,760
2018		8,190
2019		-

**Note 7 – Supplemental disclosures to the statement of cash flows**

	2014	2013
Cash paid during the year for:		
Interest	<u>\$ 84,689</u>	<u>\$ 85,982</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

**Note 8 – Subsequent events**

Management has evaluated the impact of any of subsequent events through July 10, 2015, the date on which the accompanying financial statements were available to be issued.

ASSIST INTERNATIONAL, INC.

SCHEDULE OF EXPENSES

For the Year Ended December 31, 2014

	Program <u>Services</u>	Supporting Services		<u>Total</u>
		<u>General and Administrative</u>	<u>Fund Raising</u>	
Accounting	\$ 14,424	\$ 11,801	\$ -	\$ 26,225
Auto	3,607	8,417	-	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	250	-	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	14,215	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	696,740	481,384	88,676	1,266,800
Telephone	11,332	6,374	-	17,706
Travel	357,613	-	-	357,613
Warehouse expense	9,110	-	-	9,110
	<u>\$ 15,624,534</u>	<u>\$ 682,787</u>	<u>\$ 97,042</u>	<u>\$ 16,404,363</u>

See independent auditors' report

ASSIST INTERNATIONAL, INC.

SCHEDULE OF EXPENSES

For the Year Ended December 31, 2013

	Program <u>Services</u>	Supporting Services		<u>Total</u>
		<u>General and Administrative</u>	<u>Fund Raising</u>	
Accounting	\$ 12,292	\$ 10,058	\$ -	\$ 22,350
Auto	3,372	7,868	-	11,240
Bank charges	12,608	4,737	-	17,345
Benevolence	15,409	-	-	15,409
Board meetings	1,550	1,550	-	3,100
Depreciation	65,014	27,863	-	92,877
Dues and subscriptions	-	1,869	-	1,869
Insurance	60,628	34,104	-	94,732
Interest expense	85,982	-	-	85,982
Legal	409	407	-	816
Office expenses	31,215	31,215	-	62,430
Office rent	8,250	8,250	-	16,500
Payroll taxes	26,632	18,400	3,389	48,421
Postage	13,990	3,497	920	18,407
Printing and publications	22,414	5,603	1,475	29,492
Promotion	5,396	1,349	2,249	8,994
Relief and outreach efforts	10,785,113	-	-	10,785,113
Repairs and maintenance	10,352	5,823	-	16,175
Salaries and wages	612,199	422,975	77,916	1,113,090
Telephone	15,620	8,786	-	24,406
Travel	376,569	-	-	376,569
Warehouse expense	8,832	-	-	8,832
	<u>\$ 12,173,846</u>	<u>\$ 594,354</u>	<u>\$ 85,949</u>	<u>\$ 12,854,149</u>

See independent auditors' report