

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

December 31, 2019 and 2018

ASSIST INTERNATIONAL, INC.

December 31, 2019 and 2018

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Assist International, Inc. and affiliate (the Organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, 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.

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ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 560,755	\$ 1,852,978
Cash and cash equivalents - board designated	374,530	208,536
Cash and cash equivalents - restricted	<u>10,784,270</u>	<u>12,006,588</u>
Total cash and cash equivalents	11,719,555	14,068,102
Grant receivable	900,000	58,885
Other assets	<u>31,033</u>	<u>11,532</u>
Total current assets	12,650,588	14,138,519
Noncurrent assets:		
Inventory – project equipment and materials	1,812,982	2,505,392
Inventory – restricted to projects	1,870,498	3,504,334
Property and equipment, net	<u>2,743,030</u>	<u>2,792,146</u>
Total noncurrent assets	<u>6,426,510</u>	<u>8,801,872</u>
Total assets	<u>\$ 19,077,098</u>	<u>\$ 22,940,391</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 71,622	\$ 141,790
Grants payable	444,015	170,998
Notes payable - current portion	<u>61,096</u>	<u>58,114</u>
Total current liabilities	576,733	370,902
Noncurrent liabilities:		
Notes payable - noncurrent portion	926,172	983,900
Security deposits	<u>6,505</u>	<u>6,470</u>
Total noncurrent liabilities	<u>932,677</u>	<u>990,370</u>
Total liabilities	<u>1,509,410</u>	<u>1,361,272</u>
Net assets:		
Without donor restrictions	4,538,390	5,859,661
Board designated contingency fund	374,530	208,536
With donor restrictions	<u>12,654,768</u>	<u>15,510,922</u>
Total net assets	<u>17,567,688</u>	<u>21,579,119</u>
Total liabilities and net assets	<u>\$ 19,077,098</u>	<u>\$ 22,940,391</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenues:						
Contributions	\$ 1,783,349	\$ 6,175,421	\$ 7,958,770	\$ 1,630,938	\$ 9,724,194	\$ 11,355,132
Investment income, net	218,218	-	218,218	151,172	-	151,172
Rental and other income	93,394	-	93,394	93,090	-	93,090
Contributed equipment, materials and services	-	7,356,933	7,356,933	-	9,584,170	9,584,170
Net assets released from restrictions	16,388,508	(16,388,508)	-	18,193,170	(18,193,170)	-
Total support and revenues	18,483,469	(2,856,154)	15,627,315	20,068,370	1,115,194	21,183,564
Expenses:						
Program activities	19,073,811	-	19,073,811	17,299,481	-	17,299,481
Supporting activities:						
General and administrative	472,410	-	472,410	510,639	-	510,639
Fundraising	92,525	-	92,525	93,644	-	93,644
Total supporting activities	564,935	-	564,935	604,283	-	604,283
Total expenses	19,638,746	-	19,638,746	17,903,764	-	17,903,764
Change in net assets	(1,155,277)	(2,856,154)	(4,011,431)	2,164,606	1,115,194	3,279,800
Net assets, beginning of year	6,068,197	15,510,922	21,579,119	3,903,591	14,395,728	18,299,319
Net assets, end of year	\$ 4,912,920	\$ 12,654,768	\$ 17,567,688	\$ 6,068,197	\$ 15,510,922	\$ 21,579,119

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Supporting activities			Total
	Program activities	General and administrative	Fundraising	
Expenses:				
Accounting	\$ 17,189	\$ 14,063	\$ -	\$ 31,252
Advertising and marketing	14,073	11,514	-	25,587
Auto	5,742	2,461	-	8,203
Bank charges	11,683	4,390	-	16,073
Benevolence	22,290	-	-	22,290
Board meetings	1,748	1,748	-	3,496
Depreciation	114,589	49,109	-	163,698
Dues and subscriptions	-	1,216	-	1,216
Gifts	2,910	727	1,212	4,849
Insurance	150,996	84,935	-	235,931
Interest expense	57,182	-	-	57,182
Legal	670	670	-	1,340
Office expenses	39,857	39,857	-	79,714
Office rent	11,855	11,856	-	23,711
Other taxes	3,312	1,863	-	5,175
Payroll taxes	84,213	10,527	4,381	99,121
Postage	10,516	1,314	547	12,377
Printing and publications	29,867	3,733	1,554	35,154
Relief and outreach efforts	16,420,804	-	-	16,420,804
Repairs and maintenance	30,652	17,242	-	47,894
Salaries and wages	1,630,603	203,825	84,831	1,919,259
Telephone	19,909	11,199	-	31,108
Travel	386,937	-	-	386,937
Tax on unrelated business	-	161	-	161
Warehouse expense	6,214	-	-	6,214
	<u>\$ 19,073,811</u>	<u>\$ 472,410</u>	<u>\$ 92,525</u>	<u>\$ 19,638,746</u>
Total expenses				

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Supporting activities			Total
	Program activities	General and administrative	Fundraising	
Expenses:				
Accounting	\$ 13,786	\$ 11,280	\$ -	\$ 25,066
Advertising and marketing	20,761	16,986	-	37,747
Auto	11,264	4,827	-	16,091
Bank charges	11,565	4,345	-	15,910
Benevolence	30,162	-	-	30,162
Board meetings	2,116	2,115	-	4,231
Depreciation	109,027	46,726	-	155,753
Dues and subscriptions	-	2,586	-	2,586
Gifts	1,188	297	495	1,980
Insurance	119,772	67,371	-	187,143
Interest expense	63,980	-	-	63,980
Legal	1,910	1,910	-	3,820
Office expenses	102,550	102,549	-	205,099
Office rent	10,271	10,270	-	20,541
Payroll taxes	97,819	12,215	5,088	115,122
Postage	10,966	1,370	570	12,906
Printing and publications	24,596	3,072	1,279	28,947
Relief and outreach efforts	14,509,155	-	-	14,509,155
Repairs and maintenance	8,652	4,867	-	13,519
Salaries and wages	1,657,329	206,946	86,212	1,950,487
Telephone	19,390	10,907	-	30,297
Travel	463,641	-	-	463,641
Warehouse expense	9,581	-	-	9,581
	<u>\$ 17,299,481</u>	<u>\$ 510,639</u>	<u>\$ 93,644</u>	<u>\$ 17,903,764</u>
Total expenses	<u>\$ 17,299,481</u>	<u>\$ 510,639</u>	<u>\$ 93,644</u>	<u>\$ 17,903,764</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ (4,011,431)	\$ 3,279,800
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	163,698	155,753
Donated equipment and materials, net	2,326,246	(2,102,729)
Unrealized (gain) loss on investments	-	5,097
Changes in:		
Grant receivable	(841,115)	158,378
Other assets	(19,501)	1,668
Accounts payable and accrued expenses	(70,168)	57,074
Grants payable	273,017	170,998
Security deposits	<u>35</u>	<u>1,195</u>
Net cash from operating activities	<u>(2,179,219)</u>	<u>1,727,234</u>
 Cash flows from investing activities		
Proceeds from sale of investments	-	163,305
Acquisition of property and equipment	<u>(114,582)</u>	<u>(733,737)</u>
Net cash from investing activities	<u>(114,582)</u>	<u>(570,432)</u>
 Cash flows from financing activities		
Funds drawn from line of credit	-	500
Principal payments on line of credit	-	(500)
Principal payments on notes payable	<u>(54,746)</u>	<u>(48,096)</u>
Net cash from financing activities	<u>(54,746)</u>	<u>(48,096)</u>
 Net change in cash and cash equivalents	(2,348,547)	1,108,706
 Total cash and cash equivalents, beginning of year	<u>14,068,102</u>	<u>12,959,396</u>
 Total cash and cash equivalents, end of year	<u><u>\$ 11,719,555</u></u>	<u><u>\$ 14,068,102</u></u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note 1 – Summary of significant accounting policies

The following significant accounting policies are presented to assist the reader in understanding the financial statements of Assist International, Inc. The consolidated financial statements and notes are representations of management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the consolidated financial statements.

Nature of activities

Assist International, Inc. is a nonprofit corporation formed on February 2, 1990, assisting orphans and vulnerable people and strengthening health care systems with a focus on infant and maternal health. Assist International, Inc. has been granted recognition by the Internal Revenue Service as a tax-exempt, publicly supported organization.

Basis of consolidation

The consolidated financial statements include the accounts of the Organization including its affiliate, Assist International Global, LLC. (AIG). The consolidation of the two is herein referred to as "the Organization." All significant inter-organization balances and transactions have been eliminated in consolidation.

In November 2017, AIG was incorporated as a single member limited liability corporation in the state of Delaware. AIG was formed to act as a Foreign Investment Company in the nation of Ethiopia as AI Medical Oxygen Production, PLC (AIMOP), and is authorized to form business entities in Ethiopia and other African countries to conduct business that is related to AIG's charitable purpose.

Basis of accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Concentrations of credit risk

The Organization maintains several accounts at various banks and credit unions, the balances of which may, at times be in excess of Federal Deposit Insurance Corporation (FDIC) limits. Approximately \$11,035,701 and \$13,068,979 was on deposit at financial institutions in excess of FDIC limits at December 31, 2019 and 2018, respectively. Management does not believe that the Organization is exposed to any significant credit risk in connection with cash and cash equivalents.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note 1 – Summary of significant accounting policies (continued)

Concentrations (continued)

For the years ended December 31, 2019 and 2018, approximately 51% and 62% respectively, of the Organization's contributions, including donated equipment, materials and services, were made by its two largest donors.

	2019	2018
General Electric	10%	34%
World Vision	<u>40%</u>	<u>28%</u>
Total	<u>50%</u>	<u>62%</u>

Cash and cash equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition. Cash equivalents consisting of money market funds totaled \$10,334,823 and \$13,039,008 at December 31, 2019 and 2018, respectively.

Cash and cash equivalents – restricted

The Organization routinely receives contributions that are subject to donor-imposed restrictions. Restricted cash consists of those amounts set aside to comply with such restrictions.

Grants receivable

Grants receivable consist of amounts due from donors and from various grant programs. The amounts due may consist of a reimbursement of expenses incurred during the year, or amounts due in accordance with the grant agreements and conditions therein.

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 6.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note 1 – Summary of significant accounting policies (continued)

Property and equipment

Capital expenditures over \$2,000 for property and equipment are capitalized, and presented at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Donated assets are capitalized at their approximate fair value at the date of the gift. Depreciation expense for the years ended December 31, 2019 and 2018, was \$163,698 and \$155,753, respectively.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During 2019 and 2018, there were no events or changes in circumstances indicating that the carrying amount of long-lived assets may not be recoverable.

Net assets

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. At December 31, 2019 and 2018, net assets with donor restrictions consisted of \$12,654,768 and \$15,510,922, respectively.

Revenue recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a benefit interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue is recognized when earned.

Contributed materials and services

Volunteers contribute amounts of time to the program activities, administration, and fundraising and development activities carried out by the Organization. However, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note 1 – Summary of significant accounting policies (continued)

Contributed materials and services (continued)

Contributed materials are recorded at fair value at the date of the donation. Donated professional services are recorded at their respective fair values. The Organization receives occasional stock donations which are immediately liquidated. During the years ended December 31, 2019 and 2018, contributions of materials and services totaled \$7,356,933 and \$9,584,170, respectively.

Functional allocation of expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a consistently applied and reasonable analysis of specific factors related to natural class or category. Certain significant expenses are allocated on a basis of square footage, such as occupancy and depreciation; while others are allocated on a basis of time and effort estimates, such as salaries and wages and related expenses.

Advertising

Advertising costs are expensed when incurred. Advertising expense was \$25,587 and \$37,747 for the years ended December 31, 2019 and 2018, respectively.

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, 2019 and 2018, the Organization received rental income which was subject to unrelated business taxable income, and incurred tax liability due to unrelated business income. The Organization does not believe their consolidated financial statements include any uncertain tax positions.

Use of estimates

The preparation of consolidated 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 those estimates.

Reclassifications

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

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note 2 – Liquidity and availability

As part of liquidity management, the Organization has put a policy in place to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure within one year consisted of the following at December 31, 2019:

Total cash and cash equivalents	\$ 11,719,555
Grants receivable	<u>900,000</u>
Total financial assets	<u>12,619,555</u>
Contractual or donor-imposed restrictions:	
Donor contributions with specific purpose restrictions	10,611,922
Funds restricted by grant agreements	<u>172,348</u>
Total contractual or donor-imposed restrictions	<u>10,784,270</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,835,285</u>

Note 3 – Fair value measurement

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note 3 – Fair value measurement (continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

The following table sets forth the Organizations assets at fair value as of December 31, within the fair value hierarchy:

	2019			
	Level 1	Level 2	Level 3	Total
Money markets	<u>\$ 10,334,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,334,823</u>
Total	<u>\$ 10,334,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,334,823</u>
	2018			
	Level 1	Level 2	Level 3	Total
Money markets	<u>\$ 13,039,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,039,008</u>
Total	<u>\$ 13,039,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,039,008</u>

Assets held in mutual funds are reported as a cash equivalent on the consolidated statements of financial position.

There were no transfers between Levels 1, 2, or 3 during the years ended December 31, 2019 and 2018. There were no assets or liabilities measured as fair value on a nonrecurring basis at December 31, 2019 and 2018.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note 4 – Property and equipment

Property and equipment consisted of the following at December 31:

	2019	2018
Land and improvements	\$ 2,934,778	\$ 2,919,908
Automobiles	259,359	236,749
Office equipment	63,246	73,313
Oxygen plants	<u>711,305</u>	<u>641,053</u>
 Total property and equipment, net	 <u>3,968,688</u>	 <u>3,871,023</u>
 Less: accumulated depreciation	 <u>(1,225,658)</u>	 <u>(1,078,877)</u>
 Property and equipment, net	 <u><u>\$ 2,743,030</u></u>	 <u><u>\$ 2,792,146</u></u>

Land and improvements are encumbered. See Note 5.

Note 5 – Note payable

Note payable consisted of the following at December 31:

	2019	2018
In March 2017, the Organization refinanced a note payable, secured by real property, to Farmers & Merchants Bank in the amount of \$1,133,297. The note is payable in monthly principal and interest installments of \$9,331 at a 5.55% fixed rate of interest through March 15, 2032.	\$ 987,268	\$ 1,042,014
 Less: current portion of note payable	 <u>(61,096)</u>	 <u>(58,114)</u>
 Noncurrent portion of note payable	 <u><u>\$ 926,172</u></u>	 <u><u>\$ 983,900</u></u>

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note 5 – Note payable (continued)

Future minimum principal payments for note payable consist of the following for the years ended December 31:

2020	\$ 61,096
2021	62,139
2022	65,677
2023	69,417
2024	73,369
Thereafter	655,570

Note 6 – Net assets with donor restrictions

Net assets with donor restrictions consisted of the following at December 31:

	2019	2018
Romania projects	\$ 199,291	\$ 186,245
General Electric projects	9,474,584	11,340,066
Africa projects	560,605	239,602
Inventory – project equipment and materials	1,870,498	3,504,334
Other relief and outreach efforts	<u>549,790</u>	<u>240,675</u>
Total net assets with donor restrictions	<u>\$ 12,654,768</u>	<u>\$ 15,510,922</u>

Note 7 – Rental income

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, 2019 and 2018 was \$93,394 and \$84,519, respectively.

Future minimum lease payments consisted of the following for the years ended December 31:

2020	\$ 66,928
2021	49,200
2022	49,200
2023	12,300

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note 8 – Investment income

Investment income consisted of the following for the years ended December 31:

	2019	2018
Interest and dividends	\$ 218,218	\$ 156,269
Net unrealized gains (losses)	<u>-</u>	<u>(5,097)</u>
Investment income, net	<u><u>\$ 218,218</u></u>	<u><u>\$ 151,172</u></u>

Note 9 – Operating leases

The Organization leases office space in Scotts Valley, California, and office equipment on month-to-month terms. The Organization also leases equipment on a fifty-one month lease expiring in 2021. Lease expense on these various agreements was \$25,752 and \$25,263 for the years ended December 31, 2019 and 2018, respectively.

Future minimum lease payments consisted of the following for the years ended December 31:

2020	\$ 1,404
2021	936

Note 10 – Supplemental disclosures of cash flow information

	2019	2018
Cash paid during the year for:		
Interest	<u>\$ 57,182</u>	<u>\$ 63,980</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

There were no non-cash financing or investing activities during the years ended December 31, 2019 and 2018.

During the years ended December 31, 2019 and 2018, the Organization received donations of equipment and materials in the amounts of \$7,356,933 and \$9,584,170, respectively. During the years ended December 31, 2019 and 2018, the Organization used donated equipment and materials of \$9,683,179 and \$7,481,441, respectively, in relief efforts and projects.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note 11 – New accounting pronouncements adopted

The Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which affects all entities—public, private, and not-for-profit—that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example: leases and insurance contracts). There was no material impact on the Organization’s results of operations or financial position upon adoption of the new standard.

Note 12 – Subsequent events

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The Organization’s contributions and other revenue depend significantly on the economic health of their donors. While the Organization has not seen a significant impact on revenue resulting from the COVID-19 outbreak as of the date of this report, if the outbreak causes weakness in national, regional and local economies it could negatively impact revenue, and the financial position, liquidity, and results of operations could be adversely impacted.

New note payable

On April 17, 2020 as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Organization received \$377,031 in proceeds under the Paycheck Protection Program (PPP). The Organization has initially recorded these amounts as a loans but expects the loans will be forgiven under the guidelines of the Program.

Management’s review

Management has evaluated the impact of any of subsequent events through November 6, 2020, the date on which the accompanying consolidated financial statements were available to be issued.