

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

December 31, 2020 and 2019

ASSIST INTERNATIONAL, INC.

December 31, 2020 and 2019

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITORS' REPORT	1 – 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of financial position	3 – 4
Consolidated statements of activities	5 – 6
Consolidated statements of functional expenses	7 – 8
Consolidated statements of cash flows	9
Notes to consolidated financial statements	10 – 20

INDEPENDENT AUDITORS' REPORT

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, 2020 and 2019, 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.

Assist International, Inc.

Page 2

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, 2020 and 2019, 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.

Ronald Blue & Co. CPAs

Santa Ana, California
November 9, 2021

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 3,627,983	\$ 560,755
Cash and cash equivalents - board designated	457,234	374,530
Cash and cash equivalents - restricted	<u>5,970,403</u>	<u>10,042,353</u>
Total cash and cash equivalents	10,055,620	10,977,638
Grant receivable	18,607	900,000
Other assets	<u>1,016</u>	<u>31,033</u>
Total current assets	10,075,243	11,908,671
Noncurrent assets:		
Investments in money market funds – restricted	762,636	741,917
Inventory – project equipment and materials	1,541,275	1,812,982
Inventory – restricted to projects	1,567,706	1,870,498
Property and equipment, net	<u>2,663,687</u>	<u>2,743,030</u>
Total noncurrent assets	<u>6,535,304</u>	<u>7,168,427</u>
Total assets	<u>\$ 16,610,547</u>	<u>\$ 19,077,098</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

December 31, 2020 and 2019

	2020	2019
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 229,040	\$ 71,622
Grants payable	552,306	444,015
Notes payable - current portion	<u>64,242</u>	<u>61,096</u>
Total current liabilities	845,588	576,733
Noncurrent liabilities:		
Notes payable - noncurrent portion	865,273	926,172
Security deposits	<u>7,175</u>	<u>6,505</u>
Total noncurrent liabilities	<u>872,448</u>	<u>932,677</u>
Total liabilities	<u>1,718,036</u>	<u>1,509,410</u>
Net assets:		
Without donor restrictions	6,134,532	4,538,390
Board designated contingency fund	457,234	374,530
With donor restrictions	<u>8,300,745</u>	<u>12,654,768</u>
Total net assets	<u>14,892,511</u>	<u>17,567,688</u>
Total liabilities and net assets	<u>\$ 16,610,547</u>	<u>\$ 19,077,098</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenues:						
Contributions	\$ 2,222,857	\$ 5,287,803	\$ 7,510,660	\$ 1,767,170	\$ 6,175,421	\$ 7,942,591
Investment income, net	130,591	-	130,591	218,218	-	218,218
Rental and other income	108,338	-	108,338	93,394	-	93,394
Contributed equipment, materials and services	-	6,345,673	6,345,673	-	7,356,933	7,356,933
Gain (loss) from foreign currency transactions	(26,807)	-	(26,807)	16,179	-	16,179
Net assets released from restrictions	<u>15,987,499</u>	<u>(15,987,499)</u>	<u>-</u>	<u>16,388,508</u>	<u>(16,388,508)</u>	<u>-</u>
Total support and revenues	<u>18,422,478</u>	<u>(4,354,023)</u>	<u>14,068,455</u>	<u>18,483,469</u>	<u>(2,856,154)</u>	<u>15,627,315</u>
Expenses:						
Program activities	16,078,539	-	16,078,539	19,073,811	-	19,073,811
Supporting activities:						
General and administrative	554,462	-	554,462	472,410	-	472,410
Fundraising	<u>93,645</u>	<u>-</u>	<u>93,645</u>	<u>92,525</u>	<u>-</u>	<u>92,525</u>
Total supporting activities	<u>648,107</u>	<u>-</u>	<u>648,107</u>	<u>564,935</u>	<u>-</u>	<u>564,935</u>
Total expenses	<u>16,726,646</u>	<u>-</u>	<u>16,726,646</u>	<u>19,638,746</u>	<u>-</u>	<u>19,638,746</u>
Change in net assets	1,695,832	(4,354,023)	(2,658,191)	(1,155,277)	(2,856,154)	(4,011,431)

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)

For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Net assets, beginning of year						
before change in cumulative translation adjustments	4,912,920	12,654,768	17,567,688	6,068,197	15,510,922	21,579,119
Change in cumulative translation adjustments	<u>(16,986)</u>	<u>-</u>	<u>(16,986)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year						
after change in cumulative translation adjustments	<u>\$ 6,591,766</u>	<u>\$ 8,300,745</u>	<u>\$ 14,892,511</u>	<u>\$ 4,912,920</u>	<u>\$ 12,654,768</u>	<u>\$ 17,567,688</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Supporting activities			Total
	Program activities	General and administrative	Fundraising	
Expenses:				
Accounting	\$ 25,939	\$ 21,222	\$ -	\$ 47,161
Advertising and marketing	24,221	19,817	-	44,038
Auto	5,856	2,510	-	8,366
Bank charges	13,360	5,020	-	18,380
Benevolence	19,515	-	-	19,515
Board meetings	1,873	1,873	-	3,746
Depreciation	99,081	42,463	-	141,544
Dues and subscriptions	-	1,277	-	1,277
Gifts	8,225	2,057	3,428	13,710
Insurance	132,428	74,490	-	206,918
Interest expense	54,224	-	-	54,224
Legal	704	704	-	1,408
Office expenses	47,020	47,021	-	94,041
Office rent	12,098	12,098	-	24,196
Other taxes	88,761	49,928	-	138,689
Payroll taxes	89,788	11,223	4,671	105,682
Postage	10,675	1,334	555	12,564
Printing and publications	28,712	3,589	1,494	33,795
Professional services	-	30,293	-	30,293
Relief and outreach efforts	13,674,960	-	-	13,674,960
Repairs and maintenance	31,005	17,440	-	48,445
Salaries and wages	1,604,962	200,620	83,497	1,889,079
Telephone	16,859	9,483	-	26,342
Travel	74,455	-	-	74,455
Warehouse expense	13,818	-	-	13,818
	<u>\$ 16,078,539</u>	<u>\$ 554,462</u>	<u>\$ 93,645</u>	<u>\$ 16,726,646</u>
Total expenses	<u>\$ 16,078,539</u>	<u>\$ 554,462</u>	<u>\$ 93,645</u>	<u>\$ 16,726,646</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Program activities	Supporting activities		Total
		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	2,909	728	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	11,856	11,855	-	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
Tax on unrelated business	-	161	-	161
Travel	386,937	-	-	386,937
Warehouse expense	6,214	-	-	6,214
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 19,073,811</u>	<u>\$ 472,410</u>	<u>\$ 92,525</u>	<u>\$ 19,638,746</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (2,658,191)	\$ (4,011,431)
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	141,544	163,698
Donated equipment and materials, net	574,499	2,326,246
Changes in:		
Grant receivable	881,393	(841,115)
Other assets	30,017	(19,501)
Accounts payable and accrued expenses	157,418	(70,168)
Grants payable	108,291	273,017
Security deposits	670	35
Cumulative translation adjustments	<u>(16,986)</u>	<u>-</u>
Net cash from operating activities	<u>(781,345)</u>	<u>(2,179,219)</u>
Cash flows from investing activities		
Acquisition of investments	(20,719)	-
Acquisition of property and equipment	<u>(62,201)</u>	<u>(114,582)</u>
Net cash from investing activities	<u>(82,920)</u>	<u>(114,582)</u>
Cash flows from financing activities		
Principal payments on notes payable	<u>(57,753)</u>	<u>(54,746)</u>
Net cash from financing activities	<u>(57,753)</u>	<u>(54,746)</u>
Effect of exchange rate changes on cash	<u>16,986</u>	<u>-</u>
Net change in cash and cash equivalents	(922,018)	(2,348,547)
Total cash and cash equivalents, beginning of year	<u>10,977,638</u>	<u>13,326,185</u>
Total cash and cash equivalents, end of year	<u><u>\$ 10,055,620</u></u>	<u><u>\$ 10,977,638</u></u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note 1 – Summary of significant accounting policies

The following significant accounting policies are presented to assist the reader in understanding the consolidated 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 \$9,641,341 and \$11,035,701 was on deposit at financial institutions in excess of FDIC limits at December 31, 2020 and 2019, 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, 2020 and 2019

Note 1 – Summary of significant accounting policies (continued)

Concentrations of credit risk (continued)

For the years ended December 31, 2020 and 2019, approximately 50% and 51% respectively, of the Organization's contributions, including donated equipment, materials and services, were made by its two largest donors.

	2020	2019
General Electric	10%	10%
World Vision	<u>40%</u>	<u>41%</u>
Total	<u>50%</u>	<u>51%</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 \$8,690,174 and \$10,334,823 at December 31, 2020 and 2019, 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 as of the date of donation. The first-in, first-out method is not observed because equipment is designated for specific projects.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

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, 2020 and 2019, was \$141,544 and \$163,698, 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 2020 and 2019, 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, 2020 and 2019, net assets with donor restrictions consisted of \$8,300,745 and \$12,654,768, 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.

Rental income under an operating lease agreement should be recognized on a straight-line basis. The Organization records rental income according to each tenant's lease agreement. The difference between the two methods was determined to be immaterial to the financial statements.

Revenue from contracts is recognized when the Organization satisfies a performance obligation by transferring a promised good or service to a customer. The Organization considers the terms of the contract and all relevant facts and circumstances when applying the revenue recognition standard. The Organization also applies the revenue recognition standard consistently to contracts with similar characteristics and in similar circumstances.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note 1 – Summary of significant accounting policies (continued)

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.

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, 2020 and 2019, contributions of materials and services totaled \$6,345,673 and \$7,356,933, 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 \$44,038 and \$25,587 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019

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, 2020:

Total cash and cash equivalents	\$ 10,055,620
Grants receivable	<u>18,607</u>
Total financial assets	<u>10,074,227</u>
Contractual or donor-imposed restrictions:	
Donor contributions with specific purpose restrictions	5,797,958
Funds restricted by grant agreements	<u>935,081</u>
Total contractual or donor-imposed restrictions	<u>6,733,039</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,341,188</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, 2020 and 2019

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, 2020 and 2019.

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

	2020			
	Level 1	Level 2	Level 3	Total
Money market funds	<u>\$ 8,690,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,690,174</u>
Total	<u>\$ 8,690,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,690,174</u>
	2019			
	Level 1	Level 2	Level 3	Total
Money market funds	<u>\$ 9,592,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,592,906</u>
Total	<u>\$ 9,592,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,592,906</u>

There were no transfers between Levels 1, 2, or 3 during the years ended December 31, 2020 and 2019. There were no assets or liabilities measured as fair value on a nonrecurring basis at December 31, 2020 and 2019.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note 4 – Property and equipment

Property and equipment consisted of the following at December 31:

	2020	2019
Land and improvements	\$ 2,934,778	\$ 2,934,778
Automobiles	264,236	259,359
Office equipment	75,691	133,498
Oxygen plants	<u>711,305</u>	<u>641,053</u>
 Total property and equipment, net	 <u>3,986,010</u>	 <u>3,968,688</u>
 Less: accumulated depreciation	 <u>(1,322,323)</u>	 <u>(1,225,658)</u>
 Property and equipment, net	 <u>\$ 2,663,687</u>	 <u>\$ 2,743,030</u>

Land and improvements are encumbered. See Note 5.

Note 5 – Note payable

Note payable consisted of the following at December 31:

	2020	2019
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.	\$ 929,515	\$ 987,268
 Less: current portion of note payable	 <u>(64,242)</u>	 <u>(61,096)</u>
 Noncurrent portion of note payable	 <u>\$ 865,273</u>	 <u>\$ 926,172</u>

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note 5 – Note payable (continued)

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

2021	\$	64,242
2022		65,607
2023		69,342
2024		73,290
2025		77,462
Thereafter		579,572

Note 6 – Net assets with donor restrictions

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

	2020	2019
community:assist	\$ 90,069	\$ 12,901
child:assist	1,048,557	1,134,694
oxygen:assist	371,097	1,265,370
heath:assist	6,781,970	10,219,185
wash:assist	9,052	22,618
	<u> </u>	<u> </u>
Total net assets with donor restrictions	<u>\$ 8,300,745</u>	<u>\$ 12,654,768</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, 2020 and 2019 was \$108,338 and \$93,394, respectively.

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

2021	\$	49,200
2022		49,200
2023		12,300

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note 8 – Investment income

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

	2020	2019
Interest and dividends	\$ <u>130,591</u>	\$ <u>218,218</u>
Investment income, net	\$ <u><u>130,591</u></u>	\$ <u><u>218,218</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 \$27,840 and \$25,752 for the years ended December 31, 2020 and 2019, respectively.

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

2021	\$	2,844
2022		1,908
2023		1,908
2024		1,908
2025		1,272

Note 10 – Supplemental disclosures of cash flow information

	2020	2019
Cash paid during the year for:		
Interest	\$ <u>54,224</u>	\$ <u>57,182</u>
Income taxes	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

There were no non-cash financing or investing activities during the years ended December 31, 2020 and 2019.

During the years ended December 31, 2020 and 2019, the Organization received donations of equipment and materials in the amounts of \$6,345,673 and \$7,356,933, respectively. During the years ended December 31, 2020 and 2019, the Organization used donated equipment and materials of \$6,920,172 and \$9,683,179, respectively, in relief efforts and projects.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note 11 – Non-U.S. operations

The Organization's Foreign Investment Company in the nation of Ethiopia, AI Medical Oxygen Production, PLC (AIMOP)'s operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange. For the years ended December 31, 2020 and 2019, net assets of non-U.S. operations were 0% and 0% of the Organization's total net assets, respectively.

AIMOP uses the local currency as the functional currency. The financial statements of AIMOP have been translated into U.S. dollars. The consolidated statements of financial position accounts have been translated using the exchange rate in effect at the statement of financial position dates. Statements of activities amounts have been translated using the average exchange rate for the year. Adjustments resulting from these translations are presented as a separate component of net assets. The following is an analysis of the cumulative translation adjustments reflected in the consolidated statements of activities:

	2020	2019
Balance at January 1	\$ -	\$ -
Translation adjustments	<u>(16,986)</u>	<u>-</u>
Balance at December 31	<u>\$ (16,986)</u>	<u>\$ -</u>

Foreign currency transaction gains and losses resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currency totaled approximately \$(26,807) and \$16,179 for the years ended December 31, 2020 and 2019, respectively.

As of November 9, 2021, there continue to be fluctuations in the value of the U.S. dollar relative to the foreign currencies in which the Organization operates. It is not practicable to determine the effects of these rate changes on the Organization's consolidated financial statements.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note 12 – Risks and uncertainties

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

Note 13 – Subsequent events

PPP loan funding

On February 11, 2021, the Organization received Second Draw funding from the Paycheck Protection Program in the amount of \$376,838. The Organization expects that the full amount will be forgiven.

Large donation

On May 27, 2021, the Organization received a \$1,000,000 donation from the Caterpillar Foundation. The funds are designated for COVID-19 relief in India.

Management's review

Management has evaluated the impact of any of subsequent events through November 9, 2021, the date on which the accompanying consolidated financial statements were available to be issued.