

ASSIST INTERNATIONAL, INC.

**CONSOLIDATED FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

December 31, 2023 and 2022

ASSIST INTERNATIONAL, INC.

December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Assist International, Inc.
Ripon, California

Opinion

We have audited the consolidated financial statements of Assist International, Inc. which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Assist International, Inc. as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Assist International, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Assist International, Inc.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 Assist International, Inc.'s internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Assist International, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control– related matters that we identified during the audit.

Ronald Blue & Co. CPAs

Santa Ana, California
April 25, 2024

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 787,799	966,652
Cash and cash equivalents - board designated	-	605,032
Cash and cash equivalents - restricted	<u>8,354,706</u>	<u>4,627,117</u>
Total cash and cash equivalents	9,142,505	6,198,801
Accounts receivable	43,378	204,256
Grant receivable	21,794	443,759
Other assets	<u>4,054</u>	<u>6,937</u>
Total current assets	<u>9,211,731</u>	<u>6,853,753</u>
Noncurrent assets:		
Investments	5,371	-
Investments in money market funds – restricted	-	810,862
Programmatic inventory – projects unrestricted	8,341,089	2,740,522
Programmatic inventory – projects restricted	4,922,668	8,064,866
Property and equipment, net	<u>1,972,465</u>	<u>2,067,948</u>
Total noncurrent assets	<u>15,241,593</u>	<u>13,684,198</u>
Total assets	<u>\$ 24,453,324</u>	<u>\$ 20,537,951</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

December 31, 2023 and 2022

	2023	2022
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 124,461	\$ 208,907
Grants payable	27,550	27,550
Notes payable	<u>73,290</u>	<u>69,342</u>
Total current liabilities	<u>225,301</u>	<u>305,799</u>
Noncurrent liabilities:		
Notes payable, net	661,369	733,839
Royalties payable	18,535	17,512
Security deposits	<u>11,275</u>	<u>10,240</u>
Total noncurrent liabilities	<u>691,179</u>	<u>761,591</u>
Total liabilities	<u>916,480</u>	<u>1,067,390</u>
Net assets:		
Without donor restrictions	10,017,921	4,754,864
Board designated contingency fund	-	605,032
With donor restrictions	<u>13,518,923</u>	<u>14,110,665</u>
Total net assets	<u>23,536,844</u>	<u>19,470,561</u>
Total liabilities and net assets	<u>\$ 24,453,324</u>	<u>\$ 20,537,951</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenues:						
Contributions	\$ 1,112,526	\$ 7,487,504	\$ 8,600,030	\$ 352,386	\$ 3,721,910	\$ 4,074,296
Gifts-in-kind	-	8,931,581	8,931,581	-	22,572,016	22,572,016
Investment income, net	144,273	-	144,273	70,975	-	70,975
Rental and other income	117,824	-	117,824	131,262	-	131,262
Grant income	-	-	-	293,199	-	293,199
Gain (loss) from foreign currency transactions	3,762	-	3,762	(19,245)	-	(19,245)
Net assets released from restrictions	<u>17,010,827</u>	<u>(17,010,827)</u>	<u>-</u>	<u>19,931,962</u>	<u>(19,931,962)</u>	<u>-</u>
Total support and revenues	<u>18,389,212</u>	<u>(591,742)</u>	<u>17,797,470</u>	<u>20,760,539</u>	<u>6,361,964</u>	<u>27,122,503</u>
Expenses:						
Program activities	<u>13,071,033</u>	<u>-</u>	<u>13,071,033</u>	<u>21,261,281</u>	<u>-</u>	<u>21,261,281</u>
Supporting activities:						
General and administrative	501,161	-	501,161	509,826	-	509,826
Fundraising	<u>155,463</u>	<u>-</u>	<u>155,463</u>	<u>115,324</u>	<u>-</u>	<u>115,324</u>
Total supporting activities	<u>656,624</u>	<u>-</u>	<u>656,624</u>	<u>625,150</u>	<u>-</u>	<u>625,150</u>
Total expenses	<u>13,727,657</u>	<u>-</u>	<u>13,727,657</u>	<u>21,886,431</u>	<u>-</u>	<u>21,886,431</u>
Change in net assets	4,661,555	(591,742)	4,069,813	(1,125,892)	6,361,964	5,236,072

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>			<u>2022</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Net assets, beginning of year						
Before change in cumulative translation adjustments	5,359,896	14,110,665	19,470,561	6,488,855	7,748,701	14,237,556
Change in cumulative translation adjustments	<u>(3,530)</u>	<u>-</u>	<u>(3,530)</u>	<u>(3,067)</u>	<u>-</u>	<u>(3,067)</u>
Net assets, end of year						
After change in cumulative translation adjustments	<u>\$ 10,017,921</u>	<u>\$ 13,518,923</u>	<u>\$ 23,536,844</u>	<u>\$ 5,359,896</u>	<u>\$ 14,110,665</u>	<u>\$ 19,470,561</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

	Program activities	Supporting activities		Total
		General and administrative	Fundraising	
Expenses:				
Accounting	\$ 29,452	\$ 24,098	\$ -	\$ 53,550
Advertising and marketing	62,452	-	51,098	113,550
Auto	4,012	1,720	-	5,732
Bank charges	11,534	4,334	-	15,868
Benevolence	1,716	-	-	1,716
Depreciation	68,523	29,367	-	97,890
Dues and subscriptions	-	1,178	-	1,178
Gifts	1,448	362	604	2,414
Insurance	156,148	87,833	-	243,981
Interest expense	43,455	-	-	43,455
Legal	325	325	-	650
Office expenses	74,189	74,189	-	148,378
Office rent	2,214	2,215	-	4,429
Other taxes	31	18	-	49
Payroll taxes	101,411	12,676	5,276	119,363
Postage	9,056	1,132	471	10,659
Printing and publications	24,995	3,124	1,300	29,419
Professional services	164,595	1,187	-	165,782
Relief and outreach efforts	10,026,571	-	-	10,026,571
Repairs and maintenance	33,627	18,915	-	52,542
Salaries and wages	1,859,019	232,377	96,714	2,188,110
Telephone	10,863	6,111	-	16,974
Travel	372,250	-	-	372,250
Warehouse expense	13,147	-	-	13,147
Total expenses	<u>\$ 13,071,033</u>	<u>\$ 501,161</u>	<u>\$ 155,463</u>	<u>\$ 13,727,657</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	Program activities	Supporting activities		Total
		General and administrative	Fundraising	
Expenses:				
Accounting	\$ 24,754	\$ 20,253	\$ -	\$ 45,007
Advertising and marketing	19,004	-	15,549	34,553
Auto	6,699	2,871	-	9,570
Bank charges	16,850	6,330	-	23,180
Benevolence	13,783	-	-	13,783
Depreciation	97,619	41,836	-	139,455
Dues and subscriptions	-	1,722	-	1,722
Gifts	2,314	579	964	3,857
Insurance	163,492	91,964	-	255,456
Interest expense	46,888	-	-	46,888
Legal	5,998	5,997	-	11,995
Office expenses	33,823	33,823	-	67,646
Office rent	1,533	1,532	-	3,065
Other taxes	756	425	-	1,181
Payroll taxes	89,647	11,206	4,664	105,517
Postage	10,336	1,292	538	12,166
Printing and publications	25,157	3,145	1,309	29,611
Professional services	293,018	-	-	293,018
Relief and outreach efforts	18,365,405	40,015	-	18,405,420
Repairs and maintenance	32,129	18,072	-	50,201
Salaries and wages	1,774,170	221,771	92,300	2,088,241
Telephone	12,432	6,993	-	19,425
Travel	212,448	-	-	212,448
Warehouse expense	13,026	-	-	13,026
	<u>\$ 21,261,281</u>	<u>\$ 509,826</u>	<u>\$ 115,324</u>	<u>\$ 21,886,431</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 4,069,813	\$ 5,236,072
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	97,890	139,455
Donated equipment and materials, net	(2,458,369)	(7,757,815)
Changes in:		
Accounts receivable	160,878	(61,465)
Grants receivable	421,965	(356,782)
Other assets	2,883	(4,533)
Accounts payable and accrued expenses	(84,446)	63,112
Grants payable	-	16,076
Royalties payable	1,023	3,200
Security deposits	1,035	4,100
Cumulative translation adjustments	<u>(3,530)</u>	<u>(3,067)</u>
Net cash from operating activities	<u>2,209,142</u>	<u>(2,721,647)</u>
Cash flows from investing activities		
Acquisition of investments	-	(21,889)
Investments converted to cash	805,491	-
Acquisition of property and equipment	<u>(2,407)</u>	<u>(12,787)</u>
Net cash from investing activities	<u>803,084</u>	<u>(34,676)</u>
Cash flows from financing activities		
Principal payments on notes payable	<u>(68,522)</u>	<u>(65,089)</u>
Net cash from financing activities	<u>(68,522)</u>	<u>(65,089)</u>
Effect of exchange rate changes on cash	<u>3,530</u>	<u>3,067</u>
Net change in cash and cash equivalents	2,943,704	(2,821,412)
Total cash and cash equivalents, beginning of year	<u>6,198,801</u>	<u>9,020,213</u>
Total cash and cash equivalents, end of year	<u>\$ 9,142,505</u>	<u>\$ 6,198,801</u>

See accompanying notes and independent auditors' report

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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 in the United States of America (US GAAP) 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 \$4,127,181 and \$5,537,107 was on deposit at financial institutions in excess of FDIC limits at December 31, 2023 and 2022, 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, 2023 and 2022

Note 1 – Summary of significant accounting policies (continued)

Concentration of revenue

For the years ended December 31, 2023 and 2022, approximately 77.1% and 77.1% respectively, of the Organization’s contributions, including donated equipment, materials and services, were made by its four largest donors. The concentration of revenue consists of:

	2023	2022
Caterpillar Foundation	27.5%	3.5%
Costco Optical Lab	28.7%	15.5%
GE Healthcare	-	31.1%
World Vision	<u>20.6%</u>	<u>27.0%</u>
Total	<u>76.8%</u>	<u>77.1%</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, are considered 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 \$4,476,520 and \$4,661,021 at December 31, 2023 and 2022, 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. During the year ended December 31, 2022, grants receivable includes Employee Retention Credit.

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 applied because equipment is designated for specific projects.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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, 2023 and 2022, was \$97,890 and \$139,455, 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 2023 and 2022, 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, 2023 and 2022, net assets with donor restrictions consisted of \$13,518,923 and \$14,110,665, 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, 2023 and 2022

Note 1 – Summary of significant accounting policies (continued)

Gifts-in-kind

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 unless they 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, 2023 and 2022, gifts-in-kind totaled \$8,931,581 and \$22,572,016, respectively. See Note 8.

Functional allocation of expenses

The consolidated 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 \$113,550 and \$34,553 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, the Organization received rental income from debt-financed property, which was subject to unrelated business taxable income, and incurred tax liability due to unrelated business income in those years. See Note 12. 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 US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 1 – Summary of significant accounting policies (continued)

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on the change in net assets.

Adoption of new accounting standards

On January 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13 Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. The Organization adopted ASC 326, and all related subsequent amendments thereto, using the modified retrospective approach for all financial assets measured at amortized cost. There was no transition adjustment for the adoption of CECL. The relevant types of receivables impacted for the Organization are as follows: *Accounts receivable, Grants receivable*.

Note 2 – Liquidity and availability

As part of liquidity management, the Organization has adopted a policy 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, 2023:

Total cash and cash equivalents	\$ 9,142,505
Accounts receivable	43,378
Grants receivable	<u>21,794</u>
Total financial assets	<u>9,207,677</u>
Contractual or donor-imposed restrictions:	
Donor contributions with specific purpose restrictions	8,130,903
Funds restricted by grant agreements	<u>223,803</u>
Total contractual or donor-imposed restrictions	<u>8,354,706</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 852,971</u>

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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.

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, 2023 and 2022.

Money market funds: Money market funds are a type of financial instrument that is measured and recorded at fair value on the Organization's consolidated statements of financial position, and they are considered Level 1 valuation securities.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 3 – Fair value measurement (continued)

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

	2023			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 4,476,520	\$ -	\$ -	\$ 4,476,520
Total	<u>\$ 4,476,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,476,520</u>

	2022			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 4,661,021	\$ -	\$ -	\$ 4,661,021
Total	<u>\$ 4,661,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,661,021</u>

There were no transfers between Levels 1, 2, or 3 during the years ended December 31, 2023 and 2022. There were no assets or liabilities measured as fair value on a nonrecurring basis at December 31, 2023 and 2022.

Note 4 – Property and equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Land and improvements	\$ 2,934,778	\$ 2,934,778
Automobiles	165,936	218,636
Office equipment	92,879	90,471
Oxygen plants	<u>392,930</u>	<u>392,930</u>
Total property and equipment, net	<u>3,586,523</u>	<u>3,636,815</u>
Less: accumulated depreciation	<u>(1,614,058)</u>	<u>(1,568,867)</u>
Property and equipment, net	<u>\$ 1,972,465</u>	<u>\$ 2,067,948</u>

Land and improvements are encumbered. See Note 5.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 5 – Note payable

Note payable consisted of the following at December 31:

	2023	2022
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.	\$ 734,659	\$ 803,181
Less: current portion of note payable	<u>(73,290)</u>	<u>(69,342)</u>
Noncurrent portion of note payable	<u>\$ 661,369</u>	<u>\$ 733,839</u>

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

2024	\$ 73,290
2025	77,462
2026	81,873
2027	86,534
2028	91,461
Thereafter	324,039

Note 6 – Line of credit

On December 29, 2023, the Organization entered into a line of credit agreement with F&M Bank in the amount of \$500,000. The line of credit expires December 31, 2024. As of December 31, 2023, the Organization had no borrowings on the line of credit.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 7 – Net assets with donor restrictions

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

	2023	2022
community:assist	\$ 1,810,425	\$ 481,146
child:assist	1,090,315	1,044,135
energy:assist	2,799,431	675,003
health:assist	2,374,879	11,678,609
optical:assist	3,931,628	-
oxygen:assist	1,444,682	14,876
wash:assist	<u>67,563</u>	<u>216,896</u>
 Total net assets with donor restrictions	 <u>\$ 13,518,923</u>	 <u>\$ 14,110,665</u>

Note 8 – Gifts-in-kind

Gifts-in-kind are recorded at fair value on the date of the donation, and reflected according to donor-imposed restrictions, when applicable. The Organization’s gifts-in-kind consist of:

Medical equipment and supplies – the Organization generally utilizes donated medical equipment and supplies in its health:assist projects, typically implemented in conjunction with partner organizations. The fair value is typically determined by researching similar pieces on resale markets, and donors often provide appraisals or valuations at the time of donation.

Eyeglasses - The Organization generally utilizes donated eyeglasses, this includes prescription eyeglasses, prescription sunglasses, and reading glasses, in its optical:assist program to send to those in need of eyeglasses. This program works with volunteers to sort, clean, and prepare them for international distribution and with other optical humanitarian organizations to distribute the eyewear appropriately to those in need of eyewear. The fair value is typically determined by researching similar pieces on re-sale markets.

Household goods and furnishings – the Organization utilizes donations of household goods, furniture, food, and hygiene items in its community:assist program. These items are sorted and distributed directly to those in need including, and in partnership with other humanitarian partners who serve fire victims, domestic abuse survivors, refugees, the homeless, orphaned children, foster children, and others suffering hardship. The fair value is typically determined by researching similar pieces on re-sale markets, and donors often provide appraisals or valuations at the time of donation.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 8 – Gifts-in-kind (continued)

Other – the Organization generally utilizes all other donations in its various programs, including their partner orphan villages and in various relief and outreach projects and programs. The fair value is typically determined by researching similar pieces on re-sale markets, and donors often provide appraisals or valuations at the time of donation.

Gifts-in-kind were comprised of the following for the years ended December 31:

	2023	2022
Medical equipment and supplies	\$ 11,051	\$ 9,383,882
Eyeglasses	5,107,553	4,724,596
Household goods and furnishings	3,659,593	8,182,616
Other	<u>153,384</u>	<u>280,922</u>
Total gifts-in-kind	<u>\$ 8,931,581</u>	<u>\$ 22,572,016</u>

Note 9 – 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, 2023 and 2022, was \$102,752 and \$100,339, respectively.

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

2024	\$ 8,280
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Note 10– Investment income

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

	2023	2022
Interest and dividends	<u>\$ 144,273</u>	<u>\$ 70,975</u>
Investment income, net	<u>\$ 144,273</u>	<u>\$ 70,975</u>

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 11 – Grant income

In 2022, the Organization applied for Employee Retention Credit refunds in the amount of \$293,199. In accordance with guidance for conditional contributions, the Organization recognized \$293,199 as grants receivable for the year ended December 31, 2022. The refunds were received in April 2023.

Note 12 – Supplemental disclosures of cash flow information

	2023	2022
Cash paid during the year for:		
Interest	<u>\$ 43,455</u>	<u>\$ 46,888</u>
Income taxes - unrelated business income	<u>\$ 49</u>	<u>\$ 721</u>

There were no non-cash financing or investing activities during the years ended December 31, 2023 and 2022.

During the years ended December 31, 2023 and 2022, the Organization received donations of equipment and materials in the amounts of \$8,931,580 and \$21,158,816, respectively. During the years ended December 31, 2023 and 2022, the Organization used donated equipment and materials of \$6,407,893 and \$12,159,164, respectively, in relief efforts and projects.

ASSIST INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 13 – 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, 2023 and 2022, 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:

	2023	2022
Balance at January 1	\$ (34,258)	\$ (31,191)
Translation adjustments	<u>(3,530)</u>	<u>(3,067)</u>
Balance at December 31	<u>\$ (37,788)</u>	<u>\$ (34,258)</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 \$3,762 and \$(19,245) for the years ended December 31, 2023 and 2022, respectively. The balance (cumulative) of translation adjustments were \$(37,788) and \$(34,258) as of December 31, 2023 and 2022, respectively.

As of April 25, 2024, 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.

Note 14 – Subsequent events

Management's review

Management has evaluated the impact of any of subsequent events through April 25, 2024, the date on which the accompanying consolidated financial statements were available to be issued.