

WORLD HELP

Financial Statements  
With Independent Auditors' Report

December 31, 2014 and 2013

# WORLD HELP

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## **SECTION I**

### **MANAGEMENT'S OVERVIEW**



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## WH Financials | Letter

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World Help is a faith-based humanitarian organization that exists to serve the physical and spiritual needs of people in impoverished communities around the world. Our strategy is based on the belief that true transformation is only possible when the needs of the body and soul are addressed simultaneously.

We are privileged to know that our Board, staff, international partners, and supporters are united in the vision to pour into holistic investments that will outlive us and last for eternity.

This holistic approach of HELP and HOPE shows people that they matter to God both now and for eternity. We are committed to purposeful investment through sustainable programs, enabling individuals and communities to thrive—body, mind, and soul—and building lasting change for generations to come.

### FINANCIAL GROWTH

World Help staff, supporters, and partners are deeply committed to total transparency and fanatical attention to quality and detail, resulting in another year of organizational health and forward progress. Last year brought several key developments and financial accomplishments that we feel are an undeniably positive reflection of our dedicated stewardship. In 2014, we saw these critical achievements:

- World Help's total revenue increased approximately \$2.1 million compared to 2013, which is an overall growth of 9.6%.
- We eclipsed the \$1 million mark in investments held.
- Long-term debt decreased by \$46,623 and is scheduled to be paid off by 2017.

### PROGRAM ADVANCES

While we celebrate our improving financial condition, our greatest celebration is over the millions of lives impacted by help and hope. Together in 2014, the global World Help body:

- Provided thousands of copies of God's Word in restricted countries such as China, Syria, North Korea, and Cuba.
- Helped plant churches through our global network of Christian leaders in Asia and Latin America.
- Distributed 151,000 pieces of new clothing, 9.1 million meals, and 80,000 units of medical equipment in 40 ocean-going containers to the countries of Guatemala, Honduras, Nigeria, Zimbabwe, and Jordan.
- Provided 83 clean-water projects in Guatemala, Honduras, Nepal, India, Uganda, Rwanda, and Nigeria.
- Rescued 296 babies and young children from malnutrition and dehydration with life-saving food, water, and medical treatment.

- Provided two mobile medical clinics in Northern Iraq to serve thousands of refugees fleeing ISIS—hundreds of them facing potentially life-threatening medical conditions.
- Trained dozens of refugee leaders and church planters in Turkey, who will eventually plant and lead new churches, ultimately bringing the Gospel to some of the most afflicted communities on earth.
- Forged new partnerships in Thailand to help liberate women and girls from human trafficking and empower them with education and career training.
- Provided food, clothing, medical treatment, and education opportunities to 10,899 children in 20 countries disproportionately affected by poverty.
- Strengthened and invested in 65 active partnerships in 32 countries around the world.

### **ACCOUNTING ADJUSTMENT**

Along with these achievements, it is critical to note that while preparing the financial statements for the year ending December 31, 2013, management determined a change was needed in accounting procedures for non-cash gifts. Prior to December 31, 2013, non-cash gifts were not counted as revenue until they were distributed. The change in procedure was to recognize the non-cash gifts as revenue when those gifts were received and to recognize the expense when distributed. As of December 31, 2013, we had undistributed inventory approximating \$1.5 million. Due to ongoing relief efforts, rather than concentrate on the financial impact, we distributed this inventory during 2014. However, due to timing of our humanitarian efforts, we had no corresponding inventory on hand at December 31, 2014 to offset this expense. As a result, you will note a negative change in net assets for 2014 approximating \$1.2 million.

We are glad to make this adjustment and move forward with peace of mind that we are maintaining financial integrity in carrying out our mission.

With an inexhaustible dedication to financial excellence and collaboration with trusted advisors, World Help will continue to pursue transparency and view each unexpected encounter as a positive opportunity for growth.

As God leads, we will continue to practice financial excellence in order to effectively minister to lost and broken communities around the world. We are confident that His hand of direction, provision, and compassion is undeniable within World Help's global networks of projects and programs.

Help for today . . . Hope for tomorrow.



Vernon Brewer  
Founder and President, World Help

**SECTION II**  
**AUDITED FINANCIAL STATEMENTS**

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
World Help  
Forest, Virginia

We have audited the accompanying financial statements of World Help (Organization) (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
World Help  
Forest, Virginia

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Help as of December 31, 2014 and 2013, and the changes in its net assets, cash flows, and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Greenwood, Indiana  
April 10, 2015



# WORLD HELP

## Statements of Financial Position

	December 31,	
	2014	2013
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,129,070	\$ 898,685
Investments	937,371	899,687
Prepaid expenses and other assets	160,333	233,370
Inventory	86,356	1,631,832
Property and equipment—net	765,324	758,921
Investments held for long term purposes	63,620	52,800
	<u>\$ 3,142,074</u>	<u>\$ 4,475,295</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Accounts payable	\$ 264,602	\$ 249,675
Accrued payroll and payroll taxes	71,633	161,643
Grants payable	224,065	294,399
Deferred revenue	121,535	152,921
Notes payable	571,742	518,365
Total liabilities	<u>1,253,577</u>	<u>1,377,003</u>
Net assets:		
Unrestricted:		
Available for operations	(662,487)	466,130
Equity in property and equipment	518,582	465,556
	<u>(143,905)</u>	<u>931,686</u>
Temporarily restricted	1,968,102	2,102,306
Permanently restricted	64,300	64,300
Total net assets	<u>1,888,497</u>	<u>3,098,292</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,142,074</u>	<u>\$ 4,475,295</u>

See notes to financial statements

# WORLD HELP

## Statements of Activities

	Year ended December 31,							
	2014			2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>								
Contributions and grants:								
Cash	10,948,175	\$ 1,517,509	\$ -	\$ 12,465,684	\$ 10,037,271	\$ 1,583,113	\$ -	\$ 11,620,384
Gifts-in-kind	10,554,897	-	-	10,554,897	9,414,680	-	-	9,414,680
Special events-net	689,804	-	-	689,804	441,973	-	-	441,973
Product sales	75,477	-	-	75,477	131,828	-	-	131,828
Investment income	1,276	-	-	1,276	103,235	-	-	103,235
Other income	11,048	-	-	11,048	(729)	-	-	(729)
<b>Total support and revenue</b>	<b>22,280,677</b>	<b>1,517,509</b>	<b>-</b>	<b>23,798,186</b>	<b>20,128,258</b>	<b>1,583,113</b>	<b>-</b>	<b>21,711,371</b>
<b>RECLASSIFICATIONS:</b>								
Satisfaction of program restrictions	1,651,713	(1,651,713)	-	-	1,441,420	(1,441,420)	-	-
<b>EXPENSES:</b>								
Program services:								
International ministries	20,060,258	-	-	20,060,258	16,539,638	-	-	16,539,638
Outreach ministries	667,921	-	-	667,921	1,249,246	-	-	1,249,246
<b>Total program services</b>	<b>20,728,179</b>	<b>-</b>	<b>-</b>	<b>20,728,179</b>	<b>17,788,884</b>	<b>-</b>	<b>-</b>	<b>17,788,884</b>
Supporting activities:								
Management and general	2,961,088	-	-	2,961,088	2,757,824	-	-	2,757,824
Fundraising	1,318,714	-	-	1,318,714	1,206,357	-	-	1,206,357
<b>Total supporting activities</b>	<b>4,279,802</b>	<b>-</b>	<b>-</b>	<b>4,279,802</b>	<b>3,964,181</b>	<b>-</b>	<b>-</b>	<b>3,964,181</b>
<b>Total expenses</b>	<b>25,007,981</b>	<b>-</b>	<b>-</b>	<b>25,007,981</b>	<b>21,753,065</b>	<b>-</b>	<b>-</b>	<b>21,753,065</b>
<b>Change in Net Assets</b>	<b>(1,075,591)</b>	<b>(134,204)</b>	<b>-</b>	<b>(1,209,795)</b>	<b>(183,387)</b>	<b>141,693</b>	<b>-</b>	<b>(41,694)</b>
<b>Net Assets, Beginning of Year</b>	<b>931,686</b>	<b>2,102,306</b>	<b>64,300</b>	<b>3,098,292</b>	<b>1,115,073</b>	<b>1,960,613</b>	<b>64,300</b>	<b>3,139,986</b>
<b>Net Assets, End of Year</b>	<b>\$ (143,905)</b>	<b>\$ 1,968,102</b>	<b>\$ 64,300</b>	<b>\$ 1,888,497</b>	<b>\$ 931,686</b>	<b>\$ 2,102,306</b>	<b>\$ 64,300</b>	<b>\$ 3,098,292</b>

See notes to financial statements

# WORLD HELP

## Statements of Cash Flows

	Year ended December 31,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (1,209,795)	\$ (41,694)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Donated inventory	(10,513,425)	(9,404,681)
Distributed inventory	12,051,605	9,479,505
Depreciation	117,009	129,693
Net realized and unrealized gain on investments	(22,728)	(9,802)
Net (gain) loss on sale of equipment	(11,048)	729
Changes in:		
Grants receivable	(369)	555,847
Prepays	73,406	(121,800)
Purchased inventory	7,296	15,363
Accounts and grants payable	(55,407)	(198,937)
Accruals	(90,010)	(2,172)
Deferred revenue	(31,386)	(505,471)
Net Cash Provided (Used) by Operating Activities	315,148	(103,420)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(39,973)	(29,818)
Proceeds from sale of property and equipment	1,009	58,208
Purchase of investments	(1,440,445)	(1,241,941)
Proceeds from sale of investments	1,414,669	1,186,656
Net Cash Used by Investing Activities	(64,740)	(26,895)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings on line of credit	399,300	389,412
Repayments on line of credit	(299,300)	(364,412)
Payments on debt	(120,023)	(149,336)
Net Cash Used by Financing Activities	(20,023)	(124,336)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	230,385	(254,651)
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	898,685	1,153,336
End of year	\$ 1,129,070	\$ 898,685

(continued)

See notes to financial statements

# WORLD HELP

## Statements of Cash Flows (continued)

	Year ended December 31,	
	2014	2013
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest expense (none capitalized)	<u>\$ 15,481</u>	<u>\$ 23,721</u>
Noncash investing and financing activities:		
Donations of investments	<u>\$ 116,924</u>	<u>\$ 105,380</u>
Purchase of property and equipment with debt	<u>\$ 73,400</u>	<u>\$ 37,760</u>

See notes to financial statements

# WORLD HELP

## Statements of Functional Expenses

Year Ended December 31, 2014

	Program Services			Supporting Activities			Total
	International Programs	Outreach Ministries	Total Program	Management and General	Fundraising	Total Supporting	
Humanitarian aid	\$ 12,051,605	\$ -	\$ 12,051,605	\$ -	\$ -	\$ -	\$ 12,051,605
Ministry projects	6,812,996	-	6,812,996	-	260,489	260,489	7,073,485
Payroll and payroll tax	856,309	304,617	1,160,926	1,608,189	355,627	1,963,816	3,124,742
Travel	61,307	160,299	221,606	101,510	101,510	203,020	424,626
Professional fees	-	42,693	42,693	365,917	10,114	376,031	418,724
Postage and freight	222,409	6,078	228,487	760	195,173	195,933	424,420
Printing and mailing	-	23,486	23,486	2,936	288,359	291,295	314,781
Taxes and licenses	-	-	-	218,419	-	218,419	218,419
Employee benefits	55,632	19,790	75,422	104,479	23,103	127,582	203,004
Depreciation	-	55,184	55,184	54,927	6,898	61,825	117,009
Repairs and maintenance	-	23,382	23,382	37,866	2,923	40,789	64,171
Product costs	-	861	861	47,307	-	47,307	48,168
Rent	-	-	-	86,623	-	86,623	86,623
Telephone	-	4,066	4,066	59,581	507	60,088	64,154
Office supplies	-	18,093	18,093	43,853	2,261	46,114	64,207
Promotional items	-	160	160	26,645	70,598	97,243	97,403
Insurance	-	1,160	1,160	50,287	145	50,432	51,592
Dues and publications	-	-	-	67,273	-	67,273	67,273
Utilities	-	4,544	4,544	23,226	568	23,794	28,338
Accounting fees	-	-	-	46,300	-	46,300	46,300
Interest expense	-	3,508	3,508	11,534	439	11,973	15,481
Miscellaneous	-	-	-	3,456	-	3,456	3,456
<b>Total</b>	<b>\$ 20,060,258</b>	<b>\$ 667,921</b>	<b>\$ 20,728,179</b>	<b>\$ 2,961,088</b>	<b>\$ 1,318,714</b>	<b>\$ 4,279,802</b>	<b>\$ 25,007,981</b>

See notes to financial statements

# WORLD HELP

## Statements of Functional Expenses

Year Ended December 31, 2013

	Program Services			Supporting Activities			
	International Programs	Outreach Ministries	Total Program	Management and General	Fundraising	Total Supporting	
Humanitarian aid	\$ 9,479,505	\$ -	\$ 9,479,505	\$ -	\$ -	\$ -	\$ 9,479,505
Ministry projects	6,193,999	37,295	6,231,294	-	244,996	244,996	6,476,290
Payroll and payroll tax	662,891	741,076	1,403,967	1,470,880	338,306	1,809,186	3,213,153
Travel	49,459	212,463	261,922	108,077	108,077	216,154	478,076
Professional fees	-	44,802	44,802	358,707	20,477	379,184	423,986
Postage and freight	124,582	6,835	131,417	854	190,448	191,302	322,719
Printing and mailing	-	10,306	10,306	1,288	215,591	216,879	227,185
Taxes and licenses	-	-	-	204,472	-	204,472	204,472
Employee benefits	29,202	27,182	56,384	64,112	14,220	78,332	134,716
Depreciation	-	62,611	62,611	59,256	7,826	67,082	129,693
Repairs and maintenance	-	55,966	55,966	49,685	6,996	56,681	112,647
Product costs	-	3,161	3,161	85,207	-	85,207	88,368
Rent	-	-	-	71,116	-	71,116	71,116
Telephone	-	5,439	5,439	59,176	680	59,856	65,295
Office supplies	-	14,845	14,845	47,654	1,856	49,510	64,355
Promotional items	-	15,373	15,373	21,735	55,398	77,133	92,506
Insurance	-	3,028	3,028	45,094	378	45,472	48,500
Dues and publications	-	-	-	31,560	-	31,560	31,560
Utilities	-	4,447	4,447	23,950	556	24,506	28,953
Accounting fees	-	-	-	28,020	-	28,020	28,020
Interest expense	-	4,417	4,417	18,752	552	19,304	23,721
Miscellaneous	-	-	-	8,229	-	8,229	8,229
<b>Total</b>	<b>\$ 16,539,638</b>	<b>\$ 1,249,246</b>	<b>\$ 17,788,884</b>	<b>\$ 2,757,824</b>	<b>\$ 1,206,357</b>	<b>\$ 3,964,181</b>	<b>\$ 21,753,065</b>

See notes to financial statements

# WORLD HELP

## Notes to Financial Statements

December 31, 2014 and 2013

1. NATURE OF ORGANIZATION:

World Help (Organization) was established as an unincorporated not-for-profit association in 1991. World Help is a faith-based humanitarian organization that exists to serve the physical and spiritual needs of people in impoverished communities around the world. The Organization's primary activities are described below:

**International Programs**—The Organization works with partners to provide humanitarian, medical and educational assistance and ensuring clean water and people's spiritual needs by providing Bibles and establishing churches in as many communities as possible.

**Outreach Ministries**—The Organization's outreach ministries primarily consists of "Children of the World", which is a program designed to educate the perils of children in the developing world. Annually, the Organization forms a choir of children from its child sponsorship program and tours the United States to promote awareness of the needs of children to overcome malnutrition, obtain clean water, education, etc.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. SIGNIFICANT ACCOUNTING POLICIES:

The Organization prepares its financial statements on the accrual basis of accounting. The Organization uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The more significant accounting policies are described below.

**CASH, CASH EQUIVALENTS AND CREDIT RISK**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements, or otherwise designated or restricted. The carrying amount approximates fair value because of the short maturity of those instruments. While the Organization's cash equivalents at times may exceed federally insured limits, the Organization has not experienced any losses on such accounts. The Organization believes it is not exposed to any significant credit risk on these accounts.

**INVESTMENTS**

The Organization's primary investment objective is to preserve and protect its assets by earning a total return for each account appropriate to each account's liquidity requirements, distribution requirements, and risk tolerance. Investments are stated at fair value, except for closely held stock which is reported at cost.

# WORLD HELP

## Notes to Financial Statements

December 31, 2014 and 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVENTORY

Inventory procured by the Organization is stated at the lower of cost or fair value. The Organization receives donations of medical equipment, medical supplies, clothing and food for use in the Organization's humanitarian aid programs. Gift-in-kind contributions are valued at their estimated fair value on the date of donation. Fair value is determined using the market approach. This approach uses prices and other relevant information generated for market transactions involving comparable assets. In-kind contributions included in total contributions received were \$10,554,897 and \$9,414,680, respectively, for the years ended December 31, 2014 and 2013.

The Organization is a member of the Accord Network, a group of charities performing and providing regulation and oversight for those organizations doing relief and development work. In accordance with standards the group revised in December 2009 (the Interagency Gift-in-kind Standards), the Organization only recognizes amounts related to the value of gifts-in-kind when the Organization (i) is the original recipient of the gift, or (ii) is in partnership with another organization for distribution, or (iii) uses the gifts-in-kind in a program.

#### FIXED ASSETS AND DEPRECIATION

Property and equipment purchased by the Organization are recorded at cost. The Organization follows the practice of capitalizing all expenditures for property and equipment over \$2,000 with a useful life in excess of one year. The fair value of donated fixed assets are similarly capitalized. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets:

Building	39 years
Office equipment and computers	3-5 years
Office furniture	7 years
Vehicles	5 years



# WORLD HELP

## Notes to Financial Statements

December 31, 2014 and 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

The Organization follows the provisions of the *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Codification (FASB ASC). These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

##### *Level 1*

Quoted prices in active markets for identical assets or liabilities.

##### *Level 2*

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in active markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

##### *Level 3*

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

##### *Investments*

Investments include equity securities, exchange traded funds, and mutual funds and are recorded at fair value based on readily determinable values which are considered Level 1 under the *Fair Value* topic of the FASB ASC. The fair value of the Level 1 securities are determined by reference to quoted market prices and other relevant information generated by market transactions.

#### NET ASSETS

The Organization classifies net assets into three categories: unrestricted, temporarily restricted, and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity but permitting use of all or part of the investment income earned on the contributions. Management has elected to omit the reporting disclosures associated with the *Endowment* topic of the FASB ASC due to the lack of significance to its financial statements.

# WORLD HELP

## Notes to Financial Statements

December 31, 2014 and 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CONTRIBUTIONS, REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS

Revenue is reported when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization.

Contributions and grants are recorded as temporarily restricted if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Temporarily restricted contributions, which have been fully expended for their intended purposes within the reporting period, are reported as unrestricted. Temporarily restricted contributions are subject to assessments ranging from 0% to 40%, which are used for general and administrative expenses.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### SPECIAL EVENTS

The Organization hosted an annual president council event and also benefited from golf tournaments and running races with the proceeds going to the Organization. For the years ended December 31, 2014 and 2013, the Organization had contributions totaling \$1,118,356 and \$657,492, respectively, which was offset by event expenses of \$428,552 and \$215,519, respectively.

#### ALLOCATION OF FUNCTIONAL EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2014, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

#### RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with current year presentation.

# WORLD HELP

## Notes to Financial Statements

December 31, 2014 and 2013

3. INVESTMENTS:

Investments consist of:

	As of December 31,	
	2014	2013
Cash equivalents	\$ 74,864	\$ 25,493
Marketable equity securities:		
REITs	-	52,800
Basic materials	9,223	25,887
Industrials	11,831	21,693
Financial services	15,289	4,267
Consumer defensive	115,834	13,576
Technology	8,850	7,710
Exchange-traded funds:		
Short bond	67,619	129,004
Long bond	24,696	-
Intermediate bond	23,532	7,529
High yield bond	39,600	13,827
Emerging markets bond	34,359	25,154
Small-cap	25,958	8,663
Mid-cap	32,855	41,080
Large-cap	93,044	92,861
International developed markets	2,744	13,118
Commodity	29,518	12,324
Alternative	48,121	129,678
Mutual funds:		
Short bond	33,701	25,288
High yield bond	47,775	21,602
International bond	35,262	28,241
REITs	9,919	8,106
Small-cap	31,141	79,486
Mid-cap	46,724	52,212
Large-cap	16,642	15,120
Large growth world	16,029	15,037
International emerging markets	15,054	15,387
International developed markets	21,787	23,272
Multi-strategy	31,259	-
Managed futures	34,103	-
Alternative	-	40,414
Closely held stock	3,658	3,658
	\$ 1,000,991	\$ 952,487

# WORLD HELP

## Notes to Financial Statements

December 31, 2014 and 2013

3. INVESTMENTS, continued:

	As of December 31,	
	2014	2013
Investments	\$ 937,371	\$ 899,687
Investment held for long-term purposes	63,620	52,800
	<u>\$ 1,000,991</u>	<u>\$ 952,487</u>

Investment gains (losses) consist of:

	For the year ended December 31,	
	2014	2013
Interest and dividends	\$ 24,004	\$ 16,315
Net realized and unrealized gains (losses) on investments	(22,728)	86,920
	<u>\$ 1,276</u>	<u>\$ 103,235</u>

4. INVENTORY:

Inventory consists of:

	As of December 31,	
	2014	2013
CDs, cassettes, books and t-shirts, at cost	\$ 86,356	\$ 93,652
Gifts-in-kind, at estimated fair value at date of donation	-	1,538,180
	<u>\$ 86,356</u>	<u>\$ 1,631,832</u>

# WORLD HELP

## Notes to Financial Statements

December 31, 2014 and 2013

5. PROPERTY AND EQUIPMENT:  
Property and equipment consists of:

	As of December 31, 2014		
	Cost	Accumulated Depreciation	Net
Land	\$ 144,406	\$ -	\$ 144,406
Buildings	622,994	249,174	373,820
Office equipment	522,891	444,114	78,777
Office furniture	74,504	73,937	567
Transportation equipment	436,075	268,321	167,754
	<u>\$ 1,800,870</u>	<u>\$ 1,035,546</u>	<u>\$ 765,324</u>

  

	As of December 31, 2013		
	Cost	Accumulated Depreciation	Net
Land	\$ 144,406	\$ -	\$ 144,406
Buildings	622,994	231,051	391,943
Office equipment	518,090	430,928	87,162
Office furniture	74,504	72,226	2,278
Transportation equipment	574,873	441,741	133,132
	<u>\$ 1,934,867</u>	<u>\$ 1,175,946</u>	<u>\$ 758,921</u>

Depreciation expense for the years ended December 31, 2014 and 2013, was \$117,009 and \$129,693, respectively.

# WORLD HELP

## Notes to Financial Statements

December 31, 2014 and 2013

6. NOTES PAYABLE:

Notes payable consist of:

	As of December 31,	
	2014	2013
Note payable to financial institution. Interest rate of 3.46% at December 31, 2014. Payable in monthly installments of \$5,833. Due October 2017. Secured by a deed of trust on the land and building.	\$ 149,674	\$ 218,397
Line of credit with financial institution. Interest rate of 4% at December 31, 2013. Interest only payments due monthly with outstanding balance payable on demand or upon maturity in September 2017. Secured by a deed of trust on the land and building.	325,000	225,000
Note payable to financial institution. Interest rate of 4% at December 31, 2014. Payable in monthly installments of \$1,116. Due September 2016. Secured by vehicle.	22,553	34,752
Note payable to financial institution. Interest rate of 3.75% at December 31, 2014. Payable in monthly installments of \$2,503. Due August 2017. Secured by vehicle.	10,811	40,216
Note payable to financial institution. Interest rate of 3.75% at December 31, 2014. Payable in monthly installments of \$2,161. Due August 2017. Secured by vehicle.	63,704	-
	\$ 571,742	\$ 518,365

Future estimated maturities of debt are as follows:

Year Ending December 31,	Amounts
2015	\$ 432,830
2016	97,172
2017	41,740
	\$ 571,742

# WORLD HELP

## Notes to Financial Statements

December 31, 2014 and 2013

7. NET ASSETS:

Unrestricted net assets consists of:

	As of December 31,	
	2014	2013
Available for operations	\$ (662,487)	\$ 466,130
Equity in property and equipment:		
Property and equipment–net	765,324	758,921
Debt attributed to property and equipment	(246,742)	(293,365)
	518,582	465,556
	\$ (143,905)	\$ 931,686

Temporarily restricted net assets were released from donor restrictions because the purpose restrictions were accomplished as follows:

	Net Assets December 31, 2013	Temporarily Restricted Contributions	Amounts Released	Net Assets December 31, 2014
Ministry projects	\$ 1,740,348	\$ 1,372,487	\$ 1,488,415	\$ 1,624,420
Bibles	361,958	145,022	163,298	343,682
	\$ 2,102,306	\$ 1,517,509	\$ 1,651,713	\$ 1,968,102
	Net Assets December 31, 2012	Temporarily Restricted Contributions	Amounts Released	Net Assets December 31, 2013
Ministry projects	\$ 1,730,104	\$ 1,395,302	\$ 1,385,058	\$ 1,740,348
Bibles	224,873	187,811	50,726	361,958
Church building	5,636	-	5,636	-
	\$ 1,960,613	\$ 1,583,113	\$ 1,441,420	\$ 2,102,306

# WORLD HELP

## Notes to Financial Statements

December 31, 2014 and 2013

8. OPERATING LEASES:

The Organization has several non-cancelable operating leases for housing and equipment that expire at various dates through 2017. Rental expenses for those leases consisted of approximately \$84,917 and \$61,116 for the years ended December 31, 2014 and 2013, respectively.

Future minimum lease payments under the operating leases are:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2015	\$ 28,397
2016	25,123
2017	18,576
2018	3,096
	<u>\$ 75,192</u>

9. RETIREMENT PLAN:

The Organization has established a SIMPLE IRA retirement plan covering all employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year. The plan allows for employee contributions to the plan up to the maximum allowed by the Internal Revenue Service. The Organization matches 100% of each employee's contributions up to a maximum of 3% of gross wages. The Organization contributed \$44,305 and \$36,196 for the years ended December 31, 2014 and 2013, respectively.

10. DONOR CONCENTRATION:

Two donors provided approximately 86% and 98% of donated inventory received by the Organization for the years ended December 31, 2014 and 2013, respectively. The organizational implications of these concentrations are recognized by management and the board.

11. MANAGEMENT'S DISCUSSION REGARDING FINANCIAL CONDITION:

As discussed in the Management Overview, the effect of distributing the Organization's GIK during the year ended December 31, 2014 caused a significant decrease in its unrestricted net assets. The Organization expects to correct its deficit in unrestricted net assets in the coming years through increasing contributions and managing financial activities as necessary. Through these efforts, the Organization believes it will restore its unrestricted net assets over a period of years.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.