

WORLD HELP

Financial Statements
With Independent Auditors' Report

December 31, 2016 and 2015

WORLD HELP

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SECTION I
MANAGEMENT'S OVERVIEW

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, 2016 and 2015, 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, 2016 and 2015, 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

New York, New York
March 20, 2017

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Statements of Financial Position

| | December 31, | |
|---|---------------------|---------------------|
| | 2016 | 2015 |
| ASSETS: | | |
| Cash and cash equivalents | \$ 1,537,208 | \$ 796,426 |
| Investments | 1,001,487 | 907,431 |
| Prepaid expenses and other assets | 399,014 | 534,537 |
| Inventory | 62,391 | 83,250 |
| Property and equipment–net | 694,409 | 699,714 |
| Investments held for long term purposes | 173,876 | 162,909 |
| Total Assets | \$ 3,868,385 | \$ 3,184,267 |
| LIABILITIES AND NET ASSETS: | | |
| Accounts payable | \$ 516,784 | \$ 211,248 |
| Accrued payroll and payroll taxes | 108,746 | 78,699 |
| Grants payable | 247,581 | 252,310 |
| Deferred revenue | 271,303 | 171,521 |
| Notes payable | 600,360 | 614,069 |
| Total liabilities | 1,744,774 | 1,327,847 |
| Net assets: | | |
| Unrestricted: | | |
| Available for operations | (594,489) | (354,851) |
| Equity in property and equipment | 655,887 | 560,645 |
| | 61,398 | 205,794 |
| Temporarily restricted | 1,997,913 | 1,586,326 |
| Permanently restricted | 64,300 | 64,300 |
| Total net assets | 2,123,611 | 1,856,420 |
| Total Liabilities and Net Assets | \$ 3,868,385 | \$ 3,184,267 |

See notes to financial statements

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Statements of Activities

| | Year ended December 31, | | | | | | | |
|--------------------------------------|-------------------------|---------------------------|---------------------------|---------------------|-------------------|---------------------------|---------------------------|---------------------|
| | 2016 | | | 2015 | | | | |
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| SUPPORT AND REVENUE: | | | | | | | | |
| Contributions and grants: | | | | | | | | |
| Cash | \$ 11,083,650 | \$ 2,947,372 | \$ - | \$ 14,031,022 | \$ 12,784,237 | \$ 1,227,291 | \$ - | \$ 14,011,528 |
| Gifts-in-kind | 16,234,556 | 170,000 | - | 16,404,556 | 14,074,767 | - | - | 14,074,767 |
| Special events–net | 910,572 | - | - | 910,572 | 577,845 | - | - | 577,845 |
| Product sales | 49,329 | - | - | 49,329 | 55,685 | - | - | 55,685 |
| Investment income | 58,564 | - | - | 58,564 | 47,070 | - | - | 47,070 |
| Other income | 17,048 | - | - | 17,048 | 6,185 | - | - | 6,185 |
| Total support and revenue | 28,353,719 | 3,117,372 | - | 31,471,091 | 27,545,789 | 1,227,291 | - | 28,773,080 |
| RECLASSIFICATIONS: | | | | | | | | |
| Satisfaction of program restrictions | 2,705,785 | (2,705,785) | - | - | 1,609,067 | (1,609,067) | - | - |
| EXPENSES: | | | | | | | | |
| Program services: | | | | | | | | |
| International ministries | 24,934,531 | - | - | 24,934,531 | 23,444,653 | - | - | 23,444,653 |
| Outreach ministries | 575,216 | - | - | 575,216 | 650,078 | - | - | 650,078 |
| Total program services | 25,509,747 | - | - | 25,509,747 | 24,094,731 | - | - | 24,094,731 |
| Supporting activities: | | | | | | | | |
| Management and general | 3,782,537 | - | - | 3,782,537 | 3,320,122 | - | - | 3,320,122 |
| Fundraising | 1,911,616 | - | - | 1,911,616 | 1,390,304 | - | - | 1,390,304 |
| Total supporting activities | 5,694,153 | - | - | 5,694,153 | 4,710,426 | - | - | 4,710,426 |
| Total expenses | 31,203,900 | - | - | 31,203,900 | 28,805,157 | - | - | 28,805,157 |
| Change in Net Assets | (144,396) | 411,587 | - | 267,191 | 349,699 | (381,776) | - | (32,077) |
| Net Assets, Beginning of Year | 205,794 | 1,586,326 | 64,300 | 1,856,420 | (143,905) | 1,968,102 | 64,300 | 1,888,497 |
| Net Assets, End of Year | \$ 61,398 | \$ 1,997,913 | \$ 64,300 | \$ 2,123,611 | \$ 205,794 | \$ 1,586,326 | \$ 64,300 | \$ 1,856,420 |

See notes to financial statements

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Statements of Cash Flows

| | Year ended December 31, | |
|--|-------------------------|-------------------|
| | 2016 | 2015 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 267,191 | \$ (32,077) |
| Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities: | | |
| Donated inventory | (16,230,056) | (14,074,767) |
| Distributed inventory | 16,230,056 | 14,074,767 |
| Depreciation | 82,285 | 108,697 |
| Donated note receivable | (170,000) | - |
| Net realized and unrealized gain on investments | (25,590) | (16,308) |
| Net gain on sale of equipment | (16,631) | (1,134) |
| Changes in: | | |
| Grants receivable | 72,939 | (77,587) |
| Prepaid expenses and other assets | 62,584 | (296,617) |
| Purchased inventory | 20,859 | 3,106 |
| Accounts and grants payable | 300,807 | (25,109) |
| Accruals | 30,047 | 7,066 |
| Deferred revenue | 99,782 | 49,986 |
| Net Cash Provided (Used) by Operating Activities | 724,273 | (279,977) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (71,477) | (13,887) |
| Proceeds from sale of property and equipment | 30,808 | 1,134 |
| Purchase of investments | (321,901) | (1,240,990) |
| Proceeds from sale of investments | 412,468 | 1,187,949 |
| Net Cash Provided (Used) by Investing Activities | 49,898 | (65,794) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Borrowings on line of credit | 542,158 | 705,000 |
| Repayments on line of credit | (475,000) | (584,200) |
| Payments on debt | (100,547) | (107,673) |
| Net Cash Provided (Used) by Financing Activities | (33,389) | 13,127 |
| CHANGE IN CASH AND CASH EQUIVALENTS | 740,782 | (332,644) |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | 796,426 | 1,129,070 |
| End of year | \$ 1,537,208 | \$ 796,426 |

(continued)

See notes to financial statements

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Statements of Cash Flows (continued)

| | Year ended December 31, | |
|---|-------------------------|-------------------|
| | <u>2016</u> | <u>2015</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| Cash paid during the year for interest expense (none capitalized) | <u>\$ 11,486</u> | <u>\$ 8,203</u> |
| Noncash investing and financing activities: | | |
| Donations of investments | <u>\$ 205,997</u> | <u>\$ 354,957</u> |
| Purchase of property and equipment with debt | <u>\$ 19,680</u> | <u>\$ 29,200</u> |

See notes to financial statements

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Statement of Functional Expenses

Year Ended December 31, 2016

| | Program Services | | | Supporting Activities | | | Total |
|-------------------------|------------------------|---------------------|----------------------|------------------------|---------------------|---------------------|----------------------|
| | International Programs | Outreach Ministries | Total Program | Management and General | Fundraising | Total Supporting | |
| Humanitarian aid | \$ 16,230,056 | \$ - | \$ 16,230,056 | \$ - | \$ - | \$ - | \$ 16,230,056 |
| Ministry projects | 7,486,812 | - | 7,486,812 | - | 351,553 | 351,553 | 7,838,365 |
| Payroll and payroll tax | 777,169 | 288,361 | 1,065,530 | 2,197,754 | 620,699 | 2,818,453 | 3,883,983 |
| Printing and mailing | - | 876 | 876 | 110 | 542,923 | 543,033 | 543,909 |
| Postage and freight | 361,716 | 4,980 | 366,696 | 622 | 145,130 | 145,752 | 512,448 |
| Professional fees | - | 38,150 | 38,150 | 326,542 | 4,769 | 331,311 | 369,461 |
| Travel | 27,156 | 120,022 | 147,178 | 99,506 | 99,506 | 199,012 | 346,190 |
| Employee benefits | 51,622 | 19,154 | 70,776 | 145,981 | 41,229 | 187,210 | 257,986 |
| Promotional items | - | - | - | 162,351 | 93,169 | 255,520 | 255,520 |
| Taxes and licenses | - | - | - | 242,470 | - | 242,470 | 242,470 |
| Repairs and maintenance | - | 43,945 | 43,945 | 107,994 | 5,493 | 113,487 | 157,432 |
| Rent | - | - | - | 83,660 | - | 83,660 | 83,660 |
| Depreciation | - | 38,400 | 38,400 | 39,085 | 4,800 | 43,885 | 82,285 |
| Telephone | - | 2,903 | 2,903 | 67,790 | 363 | 68,153 | 71,056 |
| Insurance | - | 4,238 | 4,238 | 60,674 | 530 | 61,204 | 65,442 |
| Dues and publications | - | - | - | 64,238 | - | 64,238 | 64,238 |
| Office supplies | - | 6,028 | 6,028 | 54,543 | 754 | 55,297 | 61,325 |
| Product costs | - | 2,571 | 2,571 | 49,586 | - | 49,586 | 52,157 |
| Accounting fees | - | - | - | 48,100 | - | 48,100 | 48,100 |
| Utilities | - | 4,297 | 4,297 | 21,497 | 537 | 22,034 | 26,331 |
| Interest expense | - | 1,291 | 1,291 | 10,034 | 161 | 10,195 | 11,486 |
| Total | \$ 24,934,531 | \$ 575,216 | \$ 25,509,747 | \$ 3,782,537 | \$ 1,911,616 | \$ 5,694,153 | \$ 31,203,900 |

See notes to financial statements

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Statement of Functional Expenses

Year Ended December 31, 2015

| | Program Services | | | Supporting Activities | | | Total |
|-------------------------|------------------------|---------------------|----------------------|------------------------|---------------------|---------------------|----------------------|
| | International Programs | Outreach Ministries | Total Program | Management and General | Fundraising | Total Supporting | |
| Humanitarian aid | \$ 14,074,767 | \$ - | \$ 14,074,767 | \$ - | \$ - | \$ - | \$ 14,074,767 |
| Ministry projects | 8,129,606 | - | 8,129,606 | - | 274,297 | 274,297 | 8,403,903 |
| Payroll and payroll tax | 860,939 | 294,870 | 1,155,809 | 1,899,491 | 461,574 | 2,361,065 | 3,516,874 |
| Postage and freight | 300,022 | 5,592 | 305,614 | 699 | 175,189 | 175,888 | 481,502 |
| Travel | 27,084 | 179,672 | 206,756 | 123,910 | 123,910 | 247,820 | 454,576 |
| Professional fees | - | 32,987 | 32,987 | 338,285 | 4,123 | 342,408 | 375,395 |
| Printing and mailing | - | 13,200 | 13,200 | 1,650 | 226,168 | 227,818 | 241,018 |
| Taxes and licenses | - | - | - | 239,712 | - | 239,712 | 239,712 |
| Employee benefits | 52,235 | 17,890 | 70,125 | 115,247 | 28,005 | 143,252 | 213,377 |
| Promotional items | - | 318 | 318 | 74,123 | 84,022 | 158,145 | 158,463 |
| Repairs and maintenance | - | 24,665 | 24,665 | 96,121 | 3,083 | 99,204 | 123,869 |
| Depreciation | - | 53,623 | 53,623 | 48,371 | 6,703 | 55,074 | 108,697 |
| Office supplies | - | 11,217 | 11,217 | 57,484 | 1,402 | 58,886 | 70,103 |
| Telephone | - | 3,612 | 3,612 | 62,572 | 452 | 63,024 | 66,636 |
| Dues and publications | - | - | - | 58,100 | - | 58,100 | 58,100 |
| Rent | - | - | - | 51,027 | - | 51,027 | 51,027 |
| Insurance | - | 3,920 | 3,920 | 45,968 | 490 | 46,458 | 50,378 |
| Product costs | - | 1,429 | 1,429 | 39,696 | - | 39,696 | 41,125 |
| Accounting fees | - | - | - | 40,500 | - | 40,500 | 40,500 |
| Utilities | - | 4,215 | 4,215 | 21,086 | 527 | 21,613 | 25,828 |
| Interest expense | - | 2,868 | 2,868 | 4,976 | 359 | 5,335 | 8,203 |
| Miscellaneous | - | - | - | 1,104 | - | 1,104 | 1,104 |
| Total | \$ 23,444,653 | \$ 650,078 | \$ 24,094,731 | \$ 3,320,122 | \$ 1,390,304 | \$ 4,710,426 | \$ 28,805,157 |

See notes to financial statements

WORLD HELP

Notes to Financial Statements

December 31, 2016 and 2015

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 and a note receivable which is reported at cost. The note receivable was donated to the Organization during 2016. The note receivable is unsecured with an interest rate of 7% and requires monthly interest only payments until the maturity date of December 31, 2020.

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Notes to Financial Statements

December 31, 2016 and 2015

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 of inventory included in total contributions received were \$16,230,056 and \$14,074,767, respectively, for the years ended December 31, 2016 and 2015.

For the years ended December 31, 2016 and 2015, \$12,855,021 and \$11,010,262 of donated inventory was delivered to the Organization before being distributed, respectively, and the remaining amounts of approximately \$3,375,035 and \$3,064,505, respectively, were shipped directly from the donor to the organizations.

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 |

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 Board 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.

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Notes to Financial Statements

December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:
DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES, continued

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.

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Notes to Financial Statements

December 31, 2016 and 2015

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. In addition, several mini presidents council events were added in 2016. For the years ended December 31, 2016 and 2015, the Organization had contributions totaling \$2,179,052 and \$1,279,443, respectively, which was offset by event expenses of \$1,268,480 and \$701,598, 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, 2016, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization files information tax returns in the U.S. and various states. The Organization is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

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Notes to Financial Statements

December 31, 2016 and 2015

3. INVESTMENTS, continued:

Investment gains consist of:

| | For the Year Ended December 31, | |
|--|---------------------------------|-----------|
| | 2016 | 2015 |
| Interest and dividends | \$ 32,974 | \$ 30,762 |
| Net realized and unrealized gains on investments | 25,590 | 16,308 |
| | \$ 58,564 | \$ 47,070 |

4. INVENTORY:

Inventory consists of CDs, cassettes, books and t-shirts, at cost, and amounted to \$62,391 and \$83,250 as of December 31, 2016 and 2015, respectively.

5. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

| | As of December 31, 2016 | | |
|--------------------------|-------------------------|-----------------------------|------------|
| | Cost | Accumulated Depreciation | Net |
| Land | \$ 144,406 | \$ - | \$ 144,406 |
| Buildings | 641,416 | 284,639 | 356,777 |
| Office equipment | 529,957 | 500,755 | 29,202 |
| Office furniture | 91,903 | 77,347 | 14,556 |
| Transportation equipment | 450,535 | 301,067 | 149,468 |
| | \$ 1,858,217 | \$ 1,163,808 | \$ 694,409 |
| | As of December 31, 2015 | | |
| | Cost | Accumulated Depreciation | Net |
| Land | \$ 144,406 | \$ - | \$ 144,406 |
| Buildings | 622,994 | 266,740 | 356,254 |
| Office equipment | 524,958 | 481,261 | 43,697 |
| Office furniture | 79,373 | 75,478 | 3,895 |
| Transportation equipment | 466,214 | 314,752 | 151,462 |
| | \$ 1,837,945 | \$ 1,138,231 | \$ 699,714 |

Depreciation expense for the years ended December 31, 2016 and 2015, was \$82,285 and \$108,697, respectively.

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Notes to Financial Statements

December 31, 2016 and 2015

6. NOTES PAYABLE:

Notes payable consist of:

| | As of December 31, | |
|--|--------------------|------------|
| | 2016 | 2015 |
| 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. | \$ 21,494 | \$ 89,443 |
| Line of credit with financial institution. Interest rate of 4.25% at December 31, 2016. 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. | 561,838 | 475,000 |
| Note payable to financial institution. Interest rate of 4% at December 31, 2014. Payable in monthly installments of \$1,116. Repaid in full in September 2016. Secured by vehicle. | - | 9,854 |
| 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. | 17,028 | 39,772 |
| | \$ 600,360 | \$ 614,069 |

Future estimated maturities of debt are as follows:

| Years Ending December 31, | |
|---------------------------|------------|
| 2017 | \$ 600,360 |

7. NET ASSETS:

Unrestricted net assets consists of:

| | As of December 31, | |
|---|--------------------|--------------|
| | 2016 | 2015 |
| Available for operations | \$ (594,489) | \$ (354,851) |
| Equity in property and equipment: | | |
| Property and equipment-net | 694,409 | 699,714 |
| Debt attributed to property and equipment | (38,522) | (139,069) |
| | 655,887 | 560,645 |
| | \$ 61,398 | \$ 205,794 |

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Notes to Financial Statements

December 31, 2016 and 2015

7. NET ASSETS, continued:

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

| | Net Assets December 31, 2015 | Temporarily Restricted Contributions | Amounts Released | Net Assets December 31, 2016 |
|-------------------|------------------------------------|--|---------------------|------------------------------------|
| Ministry projects | \$ 1,195,984 | \$ 2,759,447 | \$ (2,577,765) | \$ 1,377,666 |
| Bibles | 290,342 | 187,925 | (128,020) | 350,247 |
| Term endowment | 100,000 | - | - | 100,000 |
| Other purposes | - | 170,000 | - | 170,000 |
| | \$ 1,586,326 | \$ 3,117,372 | \$ (2,705,785) | \$ 1,997,913 |
| | Net Assets December 31, 2014 | Temporarily Restricted Contributions | Amounts Released | Net Assets December 31, 2015 |
| Ministry projects | \$ 1,624,420 | \$ 1,069,585 | \$ (1,498,021) | \$ 1,195,984 |
| Bibles | 343,682 | 57,706 | (111,046) | 290,342 |
| Term endowment | - | 100,000 | - | 100,000 |
| | \$ 1,968,102 | \$ 1,227,291 | \$ (1,609,067) | \$ 1,586,326 |

8. OPERATING LEASES:

The Organization has several non-cancelable operating leases for housing and equipment that expire at various dates through 2019. Rental expenses for those leases consisted of approximately \$59,934 and \$50,206 for the years ended December 31, 2016 and 2015, respectively.

Future minimum lease payments under the operating leases are:

| Years Ending December 31, | | |
|---------------------------|----|-----------|
| 2017 | \$ | 71,464 |
| 2018 | | 11,700 |
| 2019 | | 2,151 |
| | | \$ 85,315 |

WORLD HELP

Notes to Financial Statements

December 31, 2016 and 2015

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 \$44,485 and \$45,351 for the years ended December 31, 2016 and 2015, respectively.

10. DONOR CONCENTRATION:

Two donors provided approximately 86% and 79% of donated inventory received by the Organization for the years ended December 31, 2016 and 2015, respectively. The organizational implications of these concentrations are recognized by management and the board.

11. 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.