

WORLD HELP

Financial Statements
With Independent Auditors' Report

December 31, 2016 and 2015

WORLD HELP

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SECTION I

MANAGEMENT'S OVERVIEW



Letter from the President

World Help is a Christian 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 that our board, staff, international partners, and supporters are united in the vision to pour into holistic investments.

Our approach — providing help and hope — shows people that they matter to God both now and for eternity. We are committed to building lasting change for generations to come through purposeful investment and sustainable programs that enable individuals and communities to thrive.

PROGRAM ADVANCES

Although we are thankful for our continued growth, our greatest achievement is that 3,143,071 people were impacted in 37 countries worldwide. Last year, the global World Help family:

- Drilled **83 clean water projects** in poverty-stricken communities worldwide
- Planted **8,787 churches** in some of the world's least-reached regions
- Impacted an estimated **740,992 people** through Bible distribution
- Rescued **775 children** from malnutrition and abandonment
- Provided **110,698 refugees** with lifesaving aid
- Sent **47 shipments of humanitarian supplies**, impacting **577,203 people**
- Transformed **20 villages** through sustainability projects, impacting **21,000 people**
- Supplied **6,397,904 meals** through humanitarian aid shipments

FINANCIAL GROWTH

World Help staff, supporters, and partners are passionate individuals who are deeply committed to total transparency and fanatical attention to quality and detail. We believe this is the driving force behind our continued growth and progress. There are several financial accomplishments we feel are a positive reflection of our stewardship. In 2016, we saw these critical achievements:

- World Help's total revenue including gross revenue from special events increased approximately \$3 million compared to 2015, which is an overall growth of 11 percent.
- Long-term debt, which excludes our line of credit, decreased by \$100,547 and is scheduled to be paid off in 2017.



As God leads, we will continue to practice financial excellence to effectively minister to lost and broken communities around the world. We are grateful that God's undeniable hand of direction, provision, and compassion is at work within World Help's 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, 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	<u>173,876</u>	<u>162,909</u>
Total Assets	<u><u>\$ 3,868,385</u></u>	<u><u>\$ 3,184,267</u></u>
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	<u>1,744,774</u>	<u>1,327,847</u>
Net assets:		
Unrestricted:		
Available for operations	(594,489)	(354,851)
Equity in property and equipment	<u>655,887</u>	<u>560,645</u>
	<u>61,398</u>	<u>205,794</u>
Temporarily restricted	1,997,913	1,586,326
Permanently restricted	64,300	64,300
Total net assets	<u>2,123,611</u>	<u>1,856,420</u>
Total Liabilities and Net Assets	<u><u>\$ 3,868,385</u></u>	<u><u>\$ 3,184,267</u></u>

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	<u>28,353,719</u>	<u>3,117,372</u>	<u>-</u>	<u>31,471,091</u>	<u>27,545,789</u>	<u>1,227,291</u>	<u>-</u>	<u>28,773,080</u>
RECLASSIFICATIONS:								
Satisfaction of program restrictions	<u>2,705,785</u>	<u>(2,705,785)</u>	<u>-</u>	<u>-</u>	<u>1,609,067</u>	<u>(1,609,067)</u>	<u>-</u>	<u>-</u>
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	<u>25,509,747</u>	<u>-</u>	<u>-</u>	<u>25,509,747</u>	<u>24,094,731</u>	<u>-</u>	<u>-</u>	<u>24,094,731</u>
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	<u>5,694,153</u>	<u>-</u>	<u>-</u>	<u>5,694,153</u>	<u>4,710,426</u>	<u>-</u>	<u>-</u>	<u>4,710,426</u>
Total expenses	<u>31,203,900</u>	<u>-</u>	<u>-</u>	<u>31,203,900</u>	<u>28,805,157</u>	<u>-</u>	<u>-</u>	<u>28,805,157</u>
Change in Net Assets	<u>(144,396)</u>	<u>411,587</u>	<u>-</u>	<u>267,191</u>	<u>349,699</u>	<u>(381,776)</u>	<u>-</u>	<u>(32,077)</u>
Net Assets, Beginning of Year	<u>205,794</u>	<u>1,586,326</u>	<u>64,300</u>	<u>1,856,420</u>	<u>(143,905)</u>	<u>1,968,102</u>	<u>64,300</u>	<u>1,888,497</u>
Net Assets, End of Year	<u>\$ 61,398</u>	<u>\$ 1,997,913</u>	<u>\$ 64,300</u>	<u>\$ 2,123,611</u>	<u>\$ 205,794</u>	<u>\$ 1,586,326</u>	<u>\$ 64,300</u>	<u>\$ 1,856,420</u>

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)

	<u>Year ended December 31,</u>	
	<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

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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:

Investments consist of:

	As of December 31,	
	2016	2015
Cash equivalents	\$ 14,363	\$ 13,222
Marketable equity securities:		
Consumer defensive	113,932	210,806
Consumer cyclical	18,566	47,825
Healthcare	1,953	-
Industrials	-	1,808
Exchange-traded funds:		
Large blend	10,585	-
Small value	5,590	-
Small blend	3,506	-
Large-cap	-	14,365
Mutual funds:		
Balanced	221,415	225,999
Mid-cap	180,513	159,018
Multi-strategy	107,439	83,522
International developed markets	96,770	91,861
Managed futures	54,425	56,662
Alternative fixed income	52,561	46,554
Intermediate bond	45,987	44,833
International bond	29,000	28,490
International emerging markets	25,631	22,813
REITs	19,469	18,270
Large growth world	-	634
Closely held stock	3,658	3,658
Note receivable	<u>170,000</u>	-
	<u>\$ 1,175,363</u>	<u>\$ 1,070,340</u>

	As of December 31,	
	2016	2015
Investments	\$ 1,001,487	\$ 907,431
Investment held for long-term purposes	<u>173,876</u>	<u>162,909</u>
	<u>\$ 1,175,363</u>	<u>\$ 1,070,340</u>

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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
	<u>\$ 58,564</u>	<u>\$ 47,070</u>

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
	<u>\$ 1,858,217</u>	<u>\$ 1,163,808</u>	<u>\$ 694,409</u>

	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
	<u>\$ 1,837,945</u>	<u>\$ 1,138,231</u>	<u>\$ 699,714</u>

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

WORLD HELP

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
	<u>\$ 600,360</u>	<u>\$ 614,069</u>

Future estimated maturities of debt are as follows:

Years Ending December 31,

2017	<u>\$ 600,360</u>
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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)
	<u>655,887</u>	<u>560,645</u>
	<u>\$ 61,398</u>	<u>\$ 205,794</u>

WORLD HELP

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
	<u>\$ 1,586,326</u>	<u>\$ 3,117,372</u>	<u>\$ (2,705,785)</u>	<u>\$ 1,997,913</u>

	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
	<u>\$ 1,968,102</u>	<u>\$ 1,227,291</u>	<u>\$ (1,609,067)</u>	<u>\$ 1,586,326</u>

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	<u>2,151</u>
	<u>\$ 85,315</u>

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.