

**INTERNATIONAL SERVICES OF HOPE/
IMPACT WITH GOD CRUSADES, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

CLARK, KING & ASSOCIATES
Certified Public Accountants

**INTERNATIONAL SERVICES OF HOPE/
IMPACT WITH GOD CRUSADES, INC.**

DECEMBER 31, 2015

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CLARK, KING & ASSOCIATES

Certified Public Accountants
7854 West Central Avenue
Toledo, OH 43617

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
International Services of Hope/Impact with God Crusades, Inc.

We have audited the accompanying financial statements of International Services of Hope/Impact with God Crusades, Inc. (ISOH) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows 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.

Auditor's Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ISOH as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Clark, King & Associates

Toledo, Ohio
October 24, 2016

**INTERNATIONAL SERVICES OF HOPE/
IMPACT WITH GOD CRUSADES, INC.
STATEMENTS OF FINANCIAL POSITION**

	DECEMBER 31	
ASSETS	2015	2014
Current		
Cash and cash equivalents	\$ 14,644	\$ 39,434
Inventory	445,964	1,063,871
Accounts receivable	35,121	17,370
Total current assets	495,729	1,120,675
Promises to give	95,800	95,800
Property and equipment		
Land	147,811	147,811
Buildings and improvements	866,162	726,497
Vehicles	142,779	142,779
Furnishings	104,402	104,402
Equipment	136,125	136,125
Int'l Hope Center project	416,100	416,100
	1,813,379	1,673,714
Less accumulated depreciation	(641,386)	(586,670)
Net property and equipment	1,171,993	1,087,044
 Total assets	 \$1,763,522	 \$ 2,303,519
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 75,194	\$ 8,654
Accrued payroll items	0	1,461
Total current liabilities	75,194	10,115
Non-current Liabilities		
Long-term debt	109,684	114,908
Note payable – related party	374,500	292,188
Total liabilities	559,378	417,211
NET ASSETS		
Unrestricted net assets	618,485	682,742
Temporarily restricted	585,659	1,203,566
Total net assets	1,204,144	1,886,308
Total liabilities and net assets	\$1,763,522	\$2,303,519

See accompanying notes and accountants' report.

**INTERNATIONAL SERVICES OF HOPE/
IMPACT WITH GOD CRUSADES, INC.**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support			
Contributions	\$ 388,809	\$ 3,774	\$ 392,583
Contributions of goods and services		5,372,975	5,372,975
Interest income			
Net assets released based on satisfaction of program restrictions	<u>5,994,656</u>	<u>(5,994,656)</u>	
Total revenue, gains and other support	6,383,465	(617,907)	<u>5,765,558</u>
 Expenses			
Missions effort	3,066,032		3,066,032
Medical material and services	2,974,049		2,974,049
Children's medical rehabilitation	<u>270,817</u>		<u>270,817</u>
Total program expenses	6,310,898		6,310,898
 Management and general	118,419		118,419
Fundraising	<u>18,405</u>		<u>18,405</u>
Total expenses	<u>6,447,722</u>		<u>6,447,722</u>
 Change in net assets	(64,257)	(617,907)	(682,164)
 Net assets at beginning of year	<u>682,742</u>	<u>1,203,566</u>	<u>1,886,308</u>
 Net assets at end of year	<u>\$ 618,485</u>	<u>\$ 585,659</u>	<u>\$1,204,144</u>

See accompanying notes and accountants' report.

**INTERNATIONAL SERVICES OF HOPE/
IMPACT WITH GOD CRUSADES, INC.**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support			
Contributions	\$ 349,329	\$ 159,871	\$ 509,200
Contributions of goods and services		6,464,019	6,464,019
Interest income	12		12
Net assets released based on satisfaction of program restrictions	<u>5,565,019</u>	<u>(5,565,019)</u>	
Total revenue, gains and other support	5,914,360	1,058,871	6,973,231
 Expenses			
Missions effort	2,417,060		2,417,060
Medical material and services	3,213,838		3,213,838
Children's medical rehabilitation	<u>281,059</u>		<u>281,059</u>
Total program expenses	5,911,957		5,911,957
 Management and general	112,394		112,394
Fundraising	<u>13,225</u>		<u>13,225</u>
Total expenses	<u>6,037,576</u>		<u>6,037,576</u>
 Change in net assets	(123,216)	1,058,871	935,655
 Net assets at beginning of year	<u>805,958</u>	<u>144,695</u>	<u>950,653</u>
 Net assets at end of year	<u>\$ 682,742</u>	<u>\$1,203,566</u>	<u>\$1,886,308</u>

See accompanying notes and accountants' report.

**INTERNATIONAL SERVICES OF HOPE/
IMPACT WITH GOD CRUSADES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015**

	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Donated				
Food and commodities	\$2,688,774			\$2,688,774
Medical supplies	2,841,971			2,841,971
Medical and work team volunteers	337,436			337,436
Shipping expenses	33,449			33,449
Repairs, maintenance and equipment	3,447	\$ 919	\$ 230	4,596
Salaries and wages	19,411	15,529	3,882	38,822
Professional fees	80	2,575		2,655
Mission expenses	162,230	15,602	2,938	180,770
Utilities	12,844	4,654	1,117	18,615
Website and computer costs	2,027	7,089	1,424	10,540
Property fees and rent	80,227	10,919	2,670	93,816
Supplies	1,353	1,486	418	3,257
Office	3,716	7,448	636	11,800
Auto	26,409	13,553	4,387	44,349
Travel	3,084			3,084
Depreciation	38,301	16,415		54,716
Insurance	15,110	14,087		29,197
Meals and entertainment	2,007	443	102	2,552
Interest	5300	5300		10,600
Promotional expenses	315		135	450
Payroll taxes	2,327	1,861	466	4,654
Medical	7,363			7,363
Education	1,545			1,545
Warehouse expenses	12,078			12,078
Contributions and grants	10,094			10,094
Miscellaneous	0	539		539
	<u>0</u>	<u>539</u>		<u>539</u>
Total Expenses	<u>\$6,310,898</u>	<u>\$ 118,419</u>	<u>\$ 18,405</u>	<u>\$6,447,722</u>

See accompanying notes and accountants' report.

**INTERNATIONAL SERVICES OF HOPE/
IMPACT WITH GOD CRUSADES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014**

	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Donated				
Food and commodities	\$3,054,104			\$3,054,104
Medical supplies	1,614,615			1,614,615
Medical and work team volunteers	480,025			480,025
Shipping expenses	347,095			347,095
Repairs, maintenance and equipment	22,195	\$ 2,466		24,661
Salaries and wages	21,960	17,568	\$ 4,392	43,920
Professional fees		12,006	1,334	13,340
Mission expenses	127,703			127,703
Utilities	21,255	2,657	2,657	26,569
Website and computer costs	4,818	1,606	1,606	8,030
Property fees and rent	45,843			45,843
Supplies	19,858	4,965		24,823
Office	11,370	11,370		22,740
Auto	12,630	11,367	1,263	25,260
Travel	4,534	4,534		9,068
Depreciation	54,452	23,336		77,788
Insurance	16,909	7,247		24,156
Meals and entertainment	2,339	611		2,950
Interest		7,571		7,571
Promotional expenses			1,571	1,571
Payroll taxes	2,010	1,608	402	4,020
Medical	3,195			3,195
Education	19,274			19,274
Warehouse expenses	13,839			13,839
Contributions and grants	6,715			6,715
Miscellaneous	5,219	3,482		8,701
	<u>\$5,911,957</u>	<u>\$112,394</u>	<u>\$13,225</u>	<u>\$6,037,576</u>
Total Expenses				

See accompanying notes and accountants' report.

**INTERNATIONAL SERVICES OF HOPE/
IMPACT WITH GOD CRUSADES, INC.**

STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (682,164)	\$ 935,655
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	54,716	77,788
Increase/(decrease) in operating assets and liabilities		
Increase/(decrease) in accounts payable	66,540	(20,076)
(Increase)/decrease in accounts receivable	(17,751)	(12,147)
(Increase)/decrease inventory	617,907	(1,063,871)
Accrued liabilities	<u>(1,461)</u>	<u>(2,555)</u>
Net cash provided (used) by operating activities	37,787	(85,206)
Cash Flows from Investing Activities		
Additions to property and equipment	(139,665)	(18,041)
Cash Flows from Financing Activities		
Net borrowings on line of credit		
Borrowings on related party note	82,312	4,750
Repayment of bank note payable & capital lease	<u>(5,224)</u>	<u>7,289</u>
Net cash provided (used) by financing activities	77,088	12,039
Net increase (decrease) in cash and cash equivalents	(24,790)	(91,208)
Cash and cash equivalents at beginning of year	<u>39,434</u>	<u>130,642</u>
Cash and cash equivalents at end of year	<u>\$ 14,644</u>	<u>\$ 39,434</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 10,600</u>	<u>\$ 7,571</u>

See accompanying notes and accountants' report.

**INTERNATIONAL SERVICES OF HOPE/
IMPACT WITH GOD CRUSADES, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

International Services of Hope/Impact With God Crusades, Inc. (ISOH) is a non-denominational Christian organization providing spiritual and physical aid to children and their families around the world. Since the consolidation of two organizations in 1991, ISOH has provided services to children and their families who are victims of war, poverty, disease, famine and natural disasters with the purpose of sharing God's love. ISOH provides services regardless of color, creed or religion.

Basis of Presentation and Net Asset Classification

ISOH reports information regarding its financial position and activities on the accrual basis of accounting in accordance with the generally accepted accounting principles of the United States of America. This includes presenting activities according to three classes of net assets: Unrestricted – net assets are not restricted by donors or the donor-imposed restriction have expired. Unrestricted net assets include board designated net assets. Temporarily Restricted – net assets are those whose use by ISOH has been limited by donors to a specific time period or purpose. The restrictions are satisfied either by the passage of time or by actions of ISOH. As of December 31, 2015 and 2014 there was \$139,695 and \$144,695 of net assets for the use in the construction of the new International Hope Center. At the end of 2015 and 2014 there were \$445,964 and \$1,058,871 of donated food and supplies remaining to be shipped. Permanently restricted – net assets that have been restricted by donors to be maintained by ISOH or a trustee in perpetuity. There were no permanently restricted net assets at December 31, 2015 and 2014.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

ISOH considers cash and cash equivalents to include cash on hand and in banks in the form of checking and savings accounts and certificates of deposit.

Inventory

Inventory consists of donated items held at year-end. It is valued at the lower of cost or fair market value.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 – Significant Accounting Policies - Continued

Property and Equipment

Property and equipment are stated at cost or fair value, if donated. Depreciation is provided at rates based on the estimated useful lives of the assets using the straight-line method. Assets purchased for \$500 or more are capitalized.

Promises to Give and Contributions

Contributions are recorded when made, unconditional promises to give are recorded when the donor makes the promise. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in subsequent years, are reported as temporarily restricted income at their realizable value. All promises to give at December 31, 2015 will be paid upon the commencement of the construction of the New Hope Center.

Income Taxes

ISOH has adopted the provisions of FASB ASC Topic, Accounting for uncertainty in income taxes, effective January 1, 2009. Under this guidance management of the organization is required to determine whether a tax position of the organization, such as tax exemption designation, is more likely than not to be sustained upon examination by the taxing authority. Management is not aware of any tax positions for which it is reasonably possible that significant change in a tax position will occur. ISOH is exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code, and has been deemed to be a publicly supported organization under Section 509(a)(2) of the Internal Revenue Code. . Form 990, Return of Organizations Exempt from Income Tax, for the years ending 2013 thru 2015 are subject to examination by the IRS, generally for three years.

Evaluation of Subsequent Events

Subsequent events were evaluated through October 24, 2016, which is the date the financial statements were available to be issued.

Functional Allocation of Expenses

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

Contributed Goods and Services

A substantial number of donors contributed goods and services. The value of the services donated is determined based on the type of service performed at the average fair value of comparable services. Donated goods are recorded at fair value. Revenue and an equal amount of expense are reflected in the financial statements for the donated services and goods. In 2015 and 2014 ISOH

recognized \$263,906 and \$475,714 respectively for donated services and \$5,368,895 and \$5,981,717 respectively in medical equipment and supplies, airfare, shipping and foodstuffs.

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NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 2 – Debt

Debt consists of the following at December 31:

	<u>2015</u>	<u>2014</u>
Note payable to bank in monthly payments of \$1,300 Including interest at 5.7%. Final maturity will be in Sept. of 2022. Note is secured by the real estate.	\$ 88,239	\$ 98,606
Commercial loan at 8.24% secured by equipment	\$ 21,445	\$ 16,172
Credit line at 13%.	\$ 105	\$ 130

Annual maturities of the debt will be as follows for the years ending December 31:

2016	\$ 31,521
2017	10,553
2018	11,171
2019	11,825
2020	12,517
Thereafter	<u>32,202</u>
Total	<u>\$109,789</u>

NOTE 3 – Notes Payable to Related Party

	<u>2015</u>	<u>2014</u>
Unsecured note payable to the CEO and President, no interest. There is currently no expected repayment date on this loan. The note has been secured by a mortgage on the property. During current and prior years, the CEO and President contributed funds for the operating facility. As a condition of these contributions, ISOH must repay these contributions in the event that the donor is terminated from employment.	<u>\$374,500</u>	<u>\$292,188</u>

NOTE 4 – Line of Credit

During January of 2008, ISOH entered into an agreement with a bank to establish a line of credit agreement which allows for advances up to \$75,000 which are payable on demand. The note bears interest of 13%. The balance outstanding under this agreement as of December 31, 2015 and 2014 was \$105 and \$130 respectively.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 5 – Restriction on Net Assets

Temporary restriction on net assets at the end of 2015 and 2014 were \$585,659 and \$1,203,566 and are related to contributions for ISOH's Missions effort.

NOTE 6 – Construction of International Hope Center

In 2005, the Board of ISOH approved a plan to construct the International Hope Center to be located in Levis Commons in Perrysburg, Ohio. The International Hope Center, a ministry of ISOH, will be a facility that provides physical and spiritual aid to hurting people around the world, regardless of their religion, race or nationality. This ministry will help meet the needs of people who are victims of war, poverty, natural disaster, disease and famine with the purpose of sharing God's love. The International Hope Center will serve the church worldwide to promote the Gospel of Jesus Christ through a network of community partners. As part of this plan ISOH purchased the land for this building during 2007 for a cost of \$300,000. The developer discounted the price to 50% of the market value as a donation to ISOH. The \$150,000 discount has been recorded as a contribution in 2007. Engineering and architectural services valued at \$70,000 and \$23,874 were contributed to the project during 2010 and 2009, respectively.

Management estimates that the cost of this project will be \$1,300,000. As of December 31, 2015, after determining the cash received, in-kind contributions, and promises to give restricted to this project, approximately \$700,000 of funding is still uncommitted. These additional funds, including a matching grant, are expected to be received from multiple donors to assist in the completion of this project.

In 2012 a matching grant in the amount of \$150,000 was extended in order for ISOH to accumulate an Operations and Maintenance Fund that will underwrite the annual costs associated with ongoing maintenance and facility management for the International Hope Center.

In addition, another matching grant in the amount of \$200,000 was extended to provide construction costs for the Hope Center.

NOTE 7 – Fair Value Measurements

SFAS No. 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value. This hierarchy consist of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Fair values for short-term investments and long-term investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Levels 2 and 3 are lower priorities and did not apply to ISOH in 2015 or 2014.

Fair values of assets measured on a recurring basis at December 31, 2015 and 2014 were all level one and equaled \$14,644 and \$39,434 respectively.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 8 – Description of Lease Arrangements

ISOH currently leases equipment with combined monthly payments of \$814 per month. Future lease commitments are as follows.

2016	\$8,692
2017	\$9,768
2018	\$7,836
2019	\$1,076

NOTE 9 – Concentration of Risk

Linda Greene, RN, Ph.D. is the President and CEO of ISOH/IMPACT. In addition to serving as President and CEO she also provides 24 hour care as a nurse to residents of the facility. Mrs. Greene does not take compensation for her work. In the event she was unable to perform her current duties, it would create a substantial financial hardship on the organization.

NOTE 10 – Subsequent Event

In 2016 ISOH/IMPACT formally changed its name to IMPACT WITH HOPE.

