

ASIAN ACCESS LIFE MINISTRIES

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

BYEMAN & CLEARY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Asian Access Life Ministries

We have audited the accompanying financial statements of Asian Access Life Ministries (a nonprofit corporation), which comprise the statement of financial position as of September 30, 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

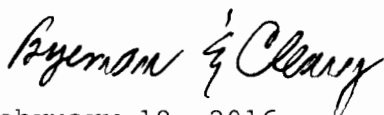
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asian Access Life Ministries as of September 30, 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.



February 18, 2016

ASIAN ACCESS LIFE MINISTRIES
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2015 and 2014

<u>ASSETS</u>		
	<u>2015</u>	<u>2014</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$1,907,252	\$ 799,969
Advances receivable	2,587	23,372
Accounts receivable	51,346	54,287
Deposits & prepaid expense	7,118	20,947
Total current assets	<u>1,968,303</u>	<u>898,575</u>
<u>Property and equipment</u>		
Land in Japan	562,223	562,223
Building in Japan	1,027,506	1,006,064
Work in progress	7,823	-
Furniture & equipment in: USA	68,760	103,443
Japan	69,908	69,908
	<u>1,736,220</u>	<u>1,741,638</u>
Less accumulated depreciation	<u>(542,821)</u>	<u>(524,983)</u>
Net property and equipment	<u>1,193,399</u>	<u>1,216,655</u>
Total assets	<u>\$3,161,702</u>	<u>\$2,115,230</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 48,273	\$ 63,121
Accrued expense	<u>156,424</u>	<u>130,997</u>
Total current liabilities	204,697	194,118
<u>Net Assets</u>		
Unrestricted	1,792,147	1,283,227
Temporarily restricted	<u>1,164,858</u>	<u>637,885</u>
Total net assets	<u>2,957,005</u>	<u>1,921,112</u>
Total liabilities and net assets	<u>\$3,161,702</u>	<u>\$2,115,230</u>

The accompanying notes are an integral part of these financial statements.

ASIAN ACCESS LIFE MINISTRIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Support and Revenue</u>						
<u>Public Support</u>						
Contributions	\$1,465,141	\$2,568,782	\$4,033,923	\$ 405,946	\$1,950,011	\$2,355,957
<u>Revenue</u>						
Enrollment fees	66,880	-	66,880	82,769	-	82,769
Foreign exchange loss	(56,307)	-	(56,307)	(13,996)	-	(13,996)
Field support income	54,821	-	54,821	47,766	-	47,766
Interest and other income	67,422	-	67,422	86,635	-	86,635
	<u>132,816</u>	<u>-</u>	<u>132,816</u>	<u>203,174</u>	<u>-</u>	<u>203,174</u>
Net assets released from restriction due to satisfaction of purpose	2,041,809	(2,041,809)	-	2,162,720	(2,162,720)	-
Total Support and Revenue	<u>3,639,766</u>	<u>526,973</u>	<u>4,166,739</u>	<u>2,771,840</u>	<u>(212,709)</u>	<u>2,559,131</u>
 <u>Expenses</u>						
<u>Program Services</u>	2,516,454	-	2,516,454	2,684,542	-	2,684,542
<u>Supporting Activities</u>						
Management	355,427	-	355,427	493,352	-	493,352
Fundraising	258,965	-	258,965	281,824	-	281,824
Total supporting	<u>614,392</u>	<u>-</u>	<u>614,392</u>	<u>775,176</u>	<u>-</u>	<u>775,176</u>
Total expenses	<u>3,130,846</u>	<u>-</u>	<u>3,130,846</u>	<u>3,459,718</u>	<u>-</u>	<u>3,459,718</u>
Change in net assets	508,920	526,973	1,035,893	(687,878)	(212,709)	(900,587)
Net assets, beginning of year	<u>1,283,227</u>	<u>637,885</u>	<u>1,921,112</u>	<u>1,971,105</u>	<u>850,594</u>	<u>2,821,699</u>
Net assets, end of year	<u>\$1,792,147</u>	<u>\$1,164,858</u>	<u>\$2,957,005</u>	<u>\$1,283,227</u>	<u>\$ 637,885</u>	<u>\$1,921,112</u>

The accompanying notes are an integral part of these financial statements.

ASIAN ACCESS LIFE MINISTRIES
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014

	Program Services	Supporting Services			Total 2015
		Management	Fundraising	Total Supporting	
Salaries & benefits	\$1,192,977	\$218,155	\$142,839	\$360,994	\$1,553,971
Travel & conferences	215,526	57,710	44,619	102,329	317,855
Leadership development	531,768	150	7,463	7,613	539,381
Staff development	28,611	506	135	641	29,252
Depreciation	46,721	5,091	709	5,800	52,521
Miscellaneous	31	52	-	52	83
Office expense	46,427	21,799	4,931	26,730	73,157
Outside services	47,413	38,377	45,478	83,855	131,268
Publications & promotion	28,398	7,615	8,860	16,475	44,873
Rent & utilities	34,491	5,972	3,931	9,903	44,394
Disaster relief	211,641	-	-	-	211,641
Grants for ministry	132,450	-	-	-	132,450
Total 2015	<u>\$2,516,454</u>	<u>\$355,427</u>	<u>\$258,965</u>	<u>\$614,392</u>	<u>\$3,130,846</u>
					<u>Total 2014</u>
Salaries & benefits	\$1,200,812	\$328,939	\$165,801	\$494,740	\$1,695,552
Travel & conferences	186,152	37,332	48,275	85,607	271,759
Leadership development	454,554	10	-	10	454,564
Staff development	207,474	26,389	2,700	29,089	236,563
Depreciation	59,728	8,259	2,568	10,827	70,555
Miscellaneous	855	381	-	381	1,236
Office expense	44,796	19,690	3,598	23,288	68,084
Outside services	44,370	50,904	34,703	85,607	129,977
Publications & promotion	33,876	15,047	14,468	29,515	63,391
Rent & utilities	50,798	6,398	9,711	16,109	66,907
Disaster relief	247,509	3	-	3	247,512
Grants for ministry	153,618	-	-	-	153,618
Total 2014	<u>\$2,684,542</u>	<u>\$493,352</u>	<u>\$281,824</u>	<u>\$775,176</u>	<u>\$3,459,718</u>

The accompanying notes are an integral part of these financial statements.

ASIAN ACCESS LIFE MINISTRIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Operating Activities</u>		
Change in net assets	\$1,035,893	\$ (900,587)
Adjustments to reconcile above to net cash provided by (used by) operating activities:		
Depreciation	52,521	70,555
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Advances receivable	20,785	24,183
Accounts receivable	2,941	(3,897)
Deposits & prepaid expense	13,829	(6,586)
Increase (Decrease) in:		
Accounts payable	(14,848)	571
Accrued expense	25,427	5,424
Net cash provided by (used by) operating activities	<u>1,136,548</u>	<u>(810,337)</u>
<u>Investing Activities</u>		
Purchase of buildings in Japan	(21,442)	(10,927)
Purchase of furniture and equipment	(7,823)	(22,327)
Net cash used by investing activities	<u>(29,265)</u>	<u>(33,254)</u>
Increase (decrease) in cash and cash equivalents	1,107,283	(843,591)
Cash and cash equivalents:		
Beginning of year	<u>799,969</u>	<u>1,643,560</u>
End of year	<u>\$1,907,252</u>	<u>\$ 799,969</u>

The accompanying notes are an integral part of these financial statements.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. NATURE OF ORGANIZATION

Asian Access Life Ministries (Asian Access) is incorporated in California under the Nonprofit Religious Corporation Law, exclusively for religious purposes. It is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code.

Asian Access exists to identify, develop, and release emerging kingdom leaders to unite the church, multiply leaders and congregations, and extend the transforming power of the Gospel of Jesus Christ. Leadership Development and Church Multiplication are the two major programs operated by the Organization.

The operations of an affiliate of Asian Access in British Columbia, Canada are not included in these financial statements. This affiliate has an independent board of directors and operations. As a result, management lacks sufficient control to warrant consolidation of the activity in these financial statements.

The organization is supported primarily through donor contributions solicited by missionary staff and charitable foundation grants. Grants and contributions are received from donors throughout the United States. Contributions raised as support for projects and by missionaries were 61.6% and 76.2% of total support and revenue in the years ended September 30, 2015 and 2014 respectively. Foundation grants are also a large source of income representing 53.0% in 2015 and 27.8% in 2014. A single foundation donor was responsible for 34.0% of total support and revenue in 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

Cash consists of balances in deposit accounts at financial institutions, primarily a credit union. All unrestricted highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Classes of Net Assets

Unrestricted amounts are those currently available at the discretion of the board of directors and management for use in the organization's operations and those resources invested in property and equipment.

Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of equipment.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

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

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Pledges Receivable

Contribution revenue is recognized when a donor makes an unconditional pledge to give to the Organization. Unconditional pledges expected to be collected within one year are reported at net realizable value. Those expected to be collected in more than one year are reported at the present value of their estimated future cash flows. There were no pledges receivable at September 30, 2015 or 2014.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Property and Equipment

Property and equipment is recorded at cost or estimated fair value if received by donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor directions regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Property and equipment are depreciated on the straight-line method over estimated useful lives of 2.5 to 4 years for furniture and equipment and 30 to 40 years for buildings.

Revenues and Expenses

Unrestricted contributions are recognized when cash or ownership of donated assets is unconditionally promised to the organization.

Temporarily restricted contributions are recognized as contribution income when cash or ownership of donated assets is unconditionally promised to the organization and subsequently released to unrestricted net assets when expenses have been incurred in satisfaction of donor stipulated restrictions. When a restricted donation is recognized a portion is allocated to unrestricted net assets to offset the cost of processing the transaction.

3. ACCOUNTS RECEIVABLE

Asian Access has receivables due from another organization with whom it has a partnership type arrangement. Under the arrangement Asian Access pays some expenses of the partner organization's missionaries in Japan. The receivable balances due from the organization as of September 30, 2015 and 2014 were \$34,932 and \$18,709, respectively.

4. RETIREMENT PLAN

A defined contribution retirement plan is maintained for qualifying employees. The contribution of Asian Access is 4% of eligible salaries. An insurance company acts as trustee. Employees fully vest in the employer contributions when made. Expense for the years ended September 30, 2015 and 2014 was \$32,693 and \$34,582 respectively.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

5. OFFICE RENTAL

Office space for headquarters facilities is leased in Artesia, California under a lease which expires December 31, 2017. It calls for monthly base rent payments plus a pro rata share of any increase in building operating costs.

Annual rental payments required under the leases in the years ended September 30 are:

	<u>Artesia</u>
2016	\$27,075
2017	27,888
2018	<u>10,417</u>
Total	<u>\$65,380</u>

6. EQUIPMENT LEASES

The Organization rents copying and mailing equipment in the Artesia, California office under terms of operating leases. Future minimum lease payments under these operating leases in the years ended September 30 are:

2016	\$ 7,068
2017	5,895
2018	<u>594</u>
	<u>\$13,557</u>

7. INVESTMENT INCOME

Investment income consisted of \$2,597 and \$1,707 of interest and dividends earned in the years ended September 30, 2015 and 2014 respectively.

8. INCOME TAXES

The organization evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of September 30, 2015, the organization believes that all its tax positions would be sustainable upon examination by the appropriate taxing jurisdictions. As of September 30, 2015, the organization's federal returns remain open to examination for the past three years. California returns remain open for four years.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

9. RESTRICTIONS ON NET ASSETS

The temporarily restricted net assets represent unspent contributions received with donor-imposed stipulations. These restrictions are removed when funds are expended for the purposes specified. The restrictions consist of the following at September 30:

	<u>2015</u>	<u>2014</u>
Nepal Disaster Relief	\$ 67,642	\$ -
Leadership Development	626,103	260,411
Japan Ministry	80	15,682
Japan Matching Challenge	250,000	-
Asia Realignment Project	67,667	148,106
Japan Strategic Partnership	32,007	63,494
Missionaries	<u>121,359</u>	<u>150,192</u>
	<u>\$1,164,858</u>	<u>\$637,885</u>

Funds designated for Japan Tsunami Relief were used for the spiritual and physical needs of people impacted by the March 2011 earthquake and tsunami that devastated a large portion of the Tohoku region in Japan. Asian Access partnered with churches in this region on various construction and rebuilding projects and sent missionary teams to provide a wide-range of assistance to churches and individuals. Several Asian Access missionaries living in Japan before the tsunami relocated to the Tohoku region to provide additional long-term support for the ministry's efforts there.

10. CONCENTRATION OF CASH

At September 30, 2015, cash was held in accounts at a credit union in which every account is insured up to \$250,000. This insurance is provided by a private insurance company that does not have the ability to draw on the full faith and credit of the United States government. Only the reserves of the insurance company are available to pay any claims. At times during the year bank deposits may exceed insured limits. At September 30, 2015 accounts in the United States exceeded the limits of deposit insurance based on actual bank balances by \$476,783. Cash balances held in bank accounts in Japan at September 30, 2015 exceeded the insurance limits of the Deposit Insurance Corporation of Japan (DICJ) by \$83,967.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 18, 2016, the date which the financial statements were available to be issued. There are no events to report.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

12. PARTNERSHIP ARRANGEMENT WITH SIM-USA

In 2011 Asian Access and SIM-USA entered into a partnership arrangement with the goal of sending more church-planting missionaries to Japan. Under this arrangement SIM-USA assumes responsibility for recruiting missionaries as well as the U.S. based care of those missionaries. Asian Access is responsible for championing the overall vision in Japan, managing the strategy of missionary deployment there, and providing in-country missionary care.

Asian Access and SIM-USA remain independent and maintain their distinct and separate ministry and board of directors.

Under this arrangement a number of Asian Access Japan-based missionaries transferred to SIM-USA. Asian Access made grants to SIM-USA related to these transfers totaling \$96,509 and \$93,136 in the years ended September 30, 2015 and 2014, respectively.

Asian Access also received fees from SIM-USA to provide support services in Japan. For the years ended September 30, 2015 and 2014 these fees totaled \$48,389 and \$45,622, respectively.

13. PARTNERSHIP ARRANGEMENT WITH SIM-CANADA

In 2014 Asian Access and SIM-Canada entered into a Partnership arrangement with the goal of sending more church-planting missionaries to Japan. Under this arrangement SIM-Canada assumes responsibility for recruiting missionaries as well as the care of those missionaries in Canada. Asian Access is responsible for championing the overall vision in Japan, managing the strategy of missionary deployment there, and providing in-country missionary care.

Asian Access and SIM-Canada remain independent and maintain their distinct and separate ministry and board of directors.

Under this agreement a number of Asian Access Japan-based missionaries transferred to SIM-Canada. In the years ended September 30, 2015 and 2014 Asian Access made grants to SIM-Canada related to these transfers totaling \$8,830 and \$26,513 respectively.

Asian Access also received fees from SIM-Canada to provide support services in Japan. In the years ended September 30, 2015 and 2014 these fees totaled \$6,432 and \$2,144 respectively.