

ASIAN ACCESS LIFE MINISTRIES

FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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 statements of financial position as of September 30, 2017 and 2016, 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, 2017 and 2016, 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.


March 12, 2018

ASIAN ACCESS LIFE MINISTRIES
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 and 2016

<u>ASSETS</u>		
	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$1,115,190	\$2,301,147
Advances receivable	31,742	52,513
Accounts receivable	21,831	2,203
Deposits & prepaid expense	42,153	11,189
Total current assets	<u>1,210,916</u>	<u>2,367,052</u>
<u>Property and equipment</u>		
Land in Japan	562,223	562,223
Building in Japan	1,027,506	1,027,506
Work in progress	8,144	8,144
Furniture & equipment in: USA	46,219	46,226
Japan	7,289	68,428
	<u>1,651,381</u>	<u>1,712,527</u>
Less accumulated depreciation	<u>(523,393)</u>	<u>(551,018)</u>
Net property and equipment	<u>1,127,988</u>	<u>1,161,509</u>
Total assets	<u>\$2,388,904</u>	<u>\$3,528,561</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 61,646	\$ 49,532
Accrued expense	<u>145,204</u>	<u>188,820</u>
Total current liabilities	206,850	238,352
<u>Net Assets</u>		
Unrestricted	1,127,185	1,755,954
Temporarily restricted	<u>1,004,869</u>	<u>1,534,255</u>
Total net assets	<u>2,132,054</u>	<u>3,290,209</u>
Total liabilities and net assets	<u>\$2,338,904</u>	<u>\$3,528,561</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, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Support and Revenue</u>						
<u>Public Support</u>						
Contributions	\$ 391,767	\$1,678,817	\$2,070,584	\$ 669,415	\$2,635,624	\$3,305,039
<u>Revenue</u>						
Enrollment fees	58,760	-	58,760	68,169	-	68,169
Foreign exchange gain (loss)	(29,020)	-	(29,020)	37,431	-	37,431
Field support income	52,518	-	52,518	51,282	-	51,282
Interest and other income	105,808	-	105,808	77,146	-	77,146
	<u>188,066</u>	<u>-</u>	<u>188,066</u>	<u>234,028</u>	<u>-</u>	<u>234,028</u>
Net assets released from restriction due to satisfaction of purpose	<u>2,208,203</u>	<u>(2,208,203)</u>	<u>-</u>	<u>2,266,227</u>	<u>(2,266,227)</u>	<u>-</u>
Total Support and Revenue	<u>2,788,036</u>	<u>(529,386)</u>	<u>2,258,650</u>	<u>3,169,670</u>	<u>369,397</u>	<u>3,539,067</u>
<u>Expenses</u>						
<u>Program Services</u>	2,602,694	-	2,602,694	2,507,868	-	2,507,868
<u>Supporting Activities</u>						
Management	389,969	-	389,969	370,253	-	370,253
Fundraising	424,142	-	424,142	327,742	-	327,742
Total supporting	<u>814,111</u>	<u>-</u>	<u>814,111</u>	<u>697,995</u>	<u>-</u>	<u>697,995</u>
Total expenses	<u>3,416,805</u>	<u>-</u>	<u>3,416,805</u>	<u>3,205,863</u>	<u>-</u>	<u>3,205,863</u>
Change in net assets	(628,769)	(529,386)	(1,158,155)	(36,193)	369,397	333,204
Net assets, beginning of year	<u>1,755,954</u>	<u>1,534,255</u>	<u>3,290,209</u>	<u>1,792,147</u>	<u>1,164,858</u>	<u>2,957,005</u>
Net assets, end of year	<u>\$1,127,185</u>	<u>\$1,004,869</u>	<u>\$2,132,054</u>	<u>\$1,755,954</u>	<u>\$1,534,255</u>	<u>\$3,290,209</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, 2017 and 2016

	Program Services	<u>Supporting Services</u>			Total 2017
		Management	Fundraising	Total Supporting	
Salaries & benefits	\$1,372,652	\$248,648	\$276,607	\$525,255	\$1,897,907
Travel, conferences, and meetings	739,111	63,934	78,568	142,502	881,613
Staff development	39,093	2,453	1,747	4,200	43,293
Depreciation	31,743	7,023	321	7,344	39,087
Miscellaneous	1,603	32	-	32	1,635
Office expense	47,840	21,236	2,605	23,841	71,681
Outside services	89,749	38,482	50,823	89,305	179,054
Marketing & donor support	67,895	2,418	12,933	15,351	83,246
Rent & utilities	68,534	5,743	538	6,281	74,815
Disaster relief	44,472	-	-	-	44,472
Ministry grants	100,002	-	-	-	100,002
	<u>\$2,602,694</u>	<u>\$389,969</u>	<u>\$424,142</u>	<u>\$814,111</u>	<u>\$3,416,805</u>
Total 2017					
					<u>Total 2016</u>
Salaries & benefits	\$1,347,492	\$248,126	\$183,774	\$431,900	\$1,779,392
Travel, conferences, and meetings	600,633	38,750	59,290	98,040	698,673
Staff development	35,537	14,056	304	14,360	49,897
Depreciation	37,435	7,015	812	7,827	45,262
Miscellaneous	157	(49)	-	(49)	108
Office expense	50,750	20,462	6,658	27,120	77,870
Outside services	71,872	30,097	51,830	81,927	153,799
Marketing & donor support	45,105	6,069	21,505	27,574	72,679
Rent & utilities	70,237	5,727	3,569	9,296	79,533
Disaster relief	136,862	-	-	-	136,862
Ministry grants	111,788	-	-	-	111,788
	<u>\$2,507,868</u>	<u>\$370,253</u>	<u>\$327,742</u>	<u>\$697,995</u>	<u>\$3,205,863</u>
Total 2016					

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Operating Activities</u>		
Change in net assets	\$(1,158,155)	\$ 333,204
Adjustments to reconcile above to net cash provided by (used by) operating activities:		
Depreciation	39,087	45,262
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Advances receivable	20,771	(49,926)
Accounts receivable	(19,628)	49,143
Deposits & prepaid expense	(30,964)	(4,071)
Increase (Decrease) in:		
Accounts payable	12,114	1,259
Accrued expense	(43,616)	32,396
Net cash provided by (used by) operating activities	<u>(1,180,391)</u>	<u>407,267</u>
<u>Investing Activities</u>		
Payments on website development	-	(7,366)
Purchase of vehicle and equipment	(5,566)	(6,006)
Net cash used by investing activities	<u>(5,566)</u>	<u>(13,372)</u>
Increase (decrease) in cash and cash equivalents	(1,185,957)	393,895
Cash and cash equivalents:		
Beginning of year	<u>2,301,147</u>	<u>1,907,252</u>
End of year	<u>\$1,115,190</u>	<u>\$2,301,147</u>

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

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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 74.3% and 74.5% of total support and revenue in the years ended September 30, 2017 and 2016 respectively. Foundation grants are also a large source of income representing approximately 24.8% in 2017 and 39.5% in 2016. A single foundation donor was responsible for total support and revenue of 22.6% in 2016. No single donor gave a significant percentage of support in 2017.

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.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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.

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.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Pledges Receivable

Contribution revenue is recognized when a donor makes a pledge to give to the Organization that is, in substance, unconditional. 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, 2017 or 2016.

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.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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, 2017 and 2016 were \$16,624 and \$625, respectively.

4. RETIREMENT PLAN

A defined contribution retirement plan is maintained for qualifying employees. The contribution of Asian Access is 2% of eligible salaries and a 2% matching contribution. A third-party administrator oversees plan operations and an unrelated trust company maintains custody of plan assets. Employees fully vest in the employer contributions when made. Expense for the years ended September 30, 2017 and 2016 were \$43,969 and \$40,702 respectively.

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 lease in the years ended September 30 are:

2018	\$ 31,416
2019	32,236
2020	30,423
2021	31,335
2022	32,275
2023	<u>15,014</u>
Total	<u>\$172,699</u>

6. EQUIPMENT LEASES

The Organization rents copying and mailing equipment in Japan and 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:

2018	\$ 8,718
2019	8,718
2020	<u>7,589</u>
	<u>\$25,025</u>

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

7. INVESTMENT INCOME

Investment income consisted of \$3,426 and \$4,222 of interest and dividends earned in the years ended September 30, 2017 and 2016 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, 2017, the organization believes that all its tax positions would be sustainable upon examination by the appropriate taxing jurisdictions. As of September 30, 2017, the organization's federal returns remain open to examination for the past three years. California returns remain open for four years.

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>2017</u>	<u>2016</u>
Leadership Development	\$ 469,448	\$ 701,679
Japan Ministry	177,081	374,081
Japan Strategic Partnership	-	69,339
Japan Disaster Relief	101,612	136,570
Nepal Disaster Relief	59,566	60,204
Eastern Voices Project	26,574	46,015
Benevolence Fund	(697)	2,086
Missionaries	171,285	144,281
	<u>\$1,004,869</u>	<u>\$1,534,255</u>

10. CONCENTRATION OF CASH

At September 30, 2017, 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. It is not secured by any agency 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, 2017 accounts in the United States did not exceed the limits of deposit insurance based on actual bank balances. Cash balances held in bank accounts in Japan at September 30, 2017 exceeded the insurance limits of the Deposit Insurance Corporation of Japan (DICJ) by \$71,972.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

11. PARTNERSHIP ARRANGEMENT WITH SIM-USA

Asian Access and SIM-USA entered into a partnership agreement 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 retained the responsibility 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 are independent and have distinct and separate ministries and boards of directors.

Under this agreement, a number of Asian Access Japan-based missionaries transferred to SIM-USA. Asian Access made grants to SIM-USA related to these transfers totaling \$48,586 and \$40,438 in the years ended September 30, 2017 and 2016, respectively.

Asian Access also received fees from SIM-USA to provide support services in Japan. For the years ended September 30, 2017 and 2016 these fees totaled \$47,994 and \$46,758, respectively.

12. PARTNERSHIP ARRANGEMENT WITH SIM-CANADA

Asian Access and SIM-Canada entered into a partnership agreement with the goal of sending more church-planting missionaries to Japan. Under this agreement SIM-Canada assumes responsibility for recruiting missionaries as well as the care of those missionaries in Canada. Asian Access retained responsibility 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 are independent and have distinct and separate ministries and boards of directors.

Under this agreement, a number of Asian Access Japan-based missionaries transferred to SIM-Canada. In prior years Asian Access made grants to SIM-Canada related to these transfers. No such transfers were made in the years ended September 30, 2017 or 2016.

Asian Access receives fees from SIM-Canada to provide support services in Japan. In each of the years ended September 30, 2017 and 2016 these fees totaled \$4,524.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
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13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 12, 2018, the date which the financial statements were available to be issued. There are no events to report.