

ASIAN ACCESS LIFE MINISTRIES

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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, 2018 and 2017, 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, 2018 and 2017, 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 18, 2019

ASIAN ACCESS LIFE MINISTRIES
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 and 2017

<u>ASSETS</u>		
	2018	2017
<u>Current Assets</u>		
Cash and cash equivalents	\$1,455,233	\$1,115,190
Advances receivable	55,436	31,742
Accounts receivable	32,027	21,831
Pledges receivable	73,457	-
Deposits & prepaid expense	29,539	42,153
Total current assets	1,645,692	1,210,916
 <u>Property and equipment</u>		
Land in Japan	562,223	562,223
Building in Japan	1,027,506	1,027,506
Work in progress	1,637	8,144
Furniture & equipment in: USA	49,693	46,219
Japan	10,201	7,289
	1,651,260	1,651,381
Less accumulated depreciation	(561,487)	(523,393)
Net property and equipment	1,089,773	1,127,988
Total assets	\$2,735,465	\$2,338,904
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 62,107	\$ 61,646
Accrued expense	152,148	145,204
Total current liabilities	214,255	206,850
 <u>Net Assets</u>		
Unrestricted	1,898,226	1,127,185
Temporarily restricted	622,984	1,004,869
Total net assets	2,521,210	2,132,054
Total liabilities and net assets	\$2,735,465	\$2,338,904

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

ASIAN ACCESS LIFE MINISTRIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Support and Revenue</u>						
<u>Public Support</u>						
Contributions	\$2,037,965	\$1,748,256	\$3,786,221	\$ 391,767	\$1,678,817	\$2,070,584
<u>Revenue</u>						
Enrollment fees	59,336	-	59,336	58,760	-	58,760
Foreign exchange gain (loss)	9,418	-	9,418	(29,020)	-	(29,020)
Field support income	50,615	-	50,615	52,518	-	52,518
Interest and other income	90,357	-	90,357	105,808	-	105,808
	<u>209,726</u>	<u>-</u>	<u>209,726</u>	<u>188,066</u>	<u>-</u>	<u>188,066</u>
Net assets released from restriction due to satisfaction of purpose	<u>2,130,141</u>	<u>(2,130,141)</u>	<u>-</u>	<u>2,208,203</u>	<u>(2,208,203)</u>	<u>-</u>
Total Support and Revenue	<u>4,377,832</u>	<u>(381,885)</u>	<u>3,995,947</u>	<u>2,788,036</u>	<u>(529,386)</u>	<u>2,258,650</u>
<u>Expenses</u>						
<u>Program Services</u>	2,802,296	-	2,802,296	2,602,694	-	2,602,694
<u>Supporting Activities</u>						
Management	373,426	-	373,426	389,969	-	389,969
Fundraising	431,069	-	431,069	424,142	-	424,142
Total supporting	<u>804,495</u>	<u>-</u>	<u>804,495</u>	<u>814,111</u>	<u>-</u>	<u>814,111</u>
Total expenses	<u>3,606,791</u>	<u>-</u>	<u>3,606,791</u>	<u>3,416,805</u>	<u>-</u>	<u>3,416,805</u>
Change in net assets	771,041	(381,885)	389,156	(628,769)	(529,386)	(1,158,155)
Net assets, beginning 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>
Net assets, end of year	<u>\$1,898,226</u>	<u>\$ 622,984</u>	<u>\$2,521,210</u>	<u>\$1,127,185</u>	<u>\$1,004,869</u>	<u>\$2,132,054</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, 2018 and 2017

	Program Services	Supporting Services			Total 2018
		Management	Fundraising	Total Supporting	
Salaries & benefits	\$1,353,312	\$241,782	\$286,214	\$527,996	\$1,881,308
Travel, conferences, and meetings	740,129	45,235	70,621	115,856	855,985
Staff development	44,095	2,531	1,855	4,386	48,481
Depreciation	30,980	13,308	312	13,620	44,600
Miscellaneous	3,283	-	-	-	3,283
Office expense	48,053	18,515	3,044	21,559	69,612
Outside services	90,055	42,864	36,668	79,532	169,587
Marketing & donor support	49,000	3,599	31,867	35,466	84,466
Rent & utilities	66,347	5,592	488	6,080	72,427
Disaster relief	127,443	-	-	-	127,443
Ministry grants	249,599	-	-	-	249,599
Total 2018	\$2,802,296	\$373,426	\$431,069	\$804,495	\$3,606,791
					<u>Total 2017</u>
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
Total 2017	\$2,602,694	\$389,969	\$424,142	\$814,111	\$3,416,805

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, 2018 and 2017

	2018	2017
<u>Operating Activities</u>		
Change in net assets	\$ 389,156	\$(1,158,155)
Adjustments to reconcile above to net cash provided by (used by) operating activities:		
Depreciation	44,600	39,087
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Advances receivable	(23,694)	20,771
Accounts receivable	(10,196)	(19,628)
Pledges receivable	(73,457)	-
Deposits & prepaid expense	12,614	(30,964)
Increase (Decrease) in:		
Accounts payable	461	12,114
Accrued expense	6,944	(43,616)
	346,428	(1,180,391)
Net cash provided by (used by) operating activities		
<u>Investing Activities</u>		
Payments on website development	(464)	-
Purchase of vehicle and equipment	(5,921)	(5,566)
Net cash used by investing activities	(6,385)	(5,566)
Increase (decrease) in cash and cash equivalents	340,043	(1,185,957)
Cash and cash equivalents:		
Beginning of year	1,115,190	2,301,147
End of year	\$1,455,233	\$1,115,190

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

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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. Leader Development and Church Multiplication are the two major programs operated by the Organization.

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 43.8% and 74.3% of total support and revenue in the years ended September 30, 2018 and 2017 respectively. Foundation grants are also a large source of income representing approximately 51.3% in 2018 and 24.8% in 2017. A single foundation donor was responsible for total support and revenue of 32.5% in 2018.

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.

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.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 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. Pledges receivable were \$73,457 at September 30, 2018. There were no pledges receivable at September 30, 2017.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018 and 2017 were \$28,308 and \$16,624 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, 2018 and 2017 were \$46,064 and \$43,969 respectively.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
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5. OFFICE RENTAL

Office space for headquarters facilities is leased in Artesia, California under a lease which expires December 31, 2023. 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:

2019	\$ 32,236
2020	30,423
2021	31,335
2022	32,275
2023	<u>15,014</u>
Total	<u>\$141,283</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:

2019	\$ 8,718
2020	<u>7,589</u>
	<u>\$16,307</u>

7. INVESTMENT INCOME

Investment income consisted of \$2,503 and \$3,426 of interest and dividends earned in the years ended September 30, 2018 and 2017 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, 2018, the organization believes that all its tax positions would be sustainable upon examination by the appropriate taxing jurisdictions. As of September 30, 2018, 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
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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>2018</u>	<u>2017</u>
Leader Development	\$ 261,463	\$ 469,448
Japan Ministry	62,916	177,081
Japan Disaster Relief	73,106	101,612
Nepal Disaster Relief	15,286	59,566
Eastern Voices Project	26,176	26,574
Benevolence Fund	-	(697)
Missionaries	146,037	171,285
	<u>\$ 622,984</u>	<u>\$1,004,869</u>

10. CONCENTRATION OF CASH

At September 30, 2018, 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 exceeded insured limits. At September 30, 2018 accounts in the United States exceeded the limits of deposit insurance based on actual bank balances by \$137,495. Cash balances held in bank accounts in Japan at September 30, 2018 exceeded the insurance limits of the Deposit Insurance Corporation of Japan (DICJ) by \$60,582.

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 LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 \$48,392 and \$48,586 in the years ended September 30, 2018 and 2017, respectively.

Asian Access also received fees from SIM-USA to provide support services in Japan. For the years ended September 30, 2018 and 2017 these fees totaled \$46,091 and \$47,994, 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.

Asian Access receives fees from SIM-Canada to provide support services in Japan. In each of the years ended September 30, 2018 and 2017 these fees totaled \$4,524.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 18, 2019, the date which the financial statements were available to be issued. There are no events to report.