

ASIA HARVEST, INC.

WINSTON-SALEM, NORTH CAROLINA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

ASIA HARVEST, INC.

WINSTON-SALEM, NORTH CAROLINA

DECEMBER 31, 2017

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CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report

Board of Directors
Asia Harvest, Inc.
Winston Salem, North Carolina

We have audited the accompanying financial statements of Asia Harvest, Inc., which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asia Harvest, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA

May 21, 2018

FINANCIAL STATEMENTS

ASIA HARVEST, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS:		
Cash and Cash Equivalents	$	963,408
Investments		3,699
Inventory		21,469
TOTAL ASSETS	$	988,576
LIABILITIES:		
Accounts Payable		2,923
Payroll Liabilities	$	442
TOTAL LIABILITIES		3,365
NET ASSETS:		
Unrestricted		671,213
Temporarily Restricted		313,998
TOTAL NET ASSETS		985,211
TOTAL LIABILITIES AND NET ASSETS	$	988,576

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

ASIA HARVEST, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE AND SUPPORT:			
Contributions	$ 686,456	$ 2,201,698	$ 2,888,154
Donated Services	20,000	-	20,000
Interest Income	44	-	44
Unrealized Gain/Loss	9	-	9
Other Income	15,668	-	15,668
TOTAL REVENUE AND SUPPORT	722,177	2,201,698	2,923,875
RECLASSIFICATIONS:			
Satisfaction of Program Restrictions	2,283,839	(2,283,839)	-
EXPENSES:			
Program	2,522,640	-	2,522,640
Administrative	115,245	-	115,245
Fund Raising	187,532	-	187,532
TOTAL EXPENSES	2,825,417	-	2,825,417
CHANGE IN NET ASSETS	180,599	(82,141)	98,458
NET ASSETS, BEGINNING OF YEAR	490,614	396,139	886,753
NET ASSETS, END OF YEAR	$ 671,213	$ 313,998	$ 985,211

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

ASIA HARVEST, INC.

STATEMENT OF FUNCTIONAL EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2017

	PROGRAM						
	BIBLE PRINTING	EVANGELISM	HUMANITARIAN AID	TOTAL PROGRAM	ADMINISTRATIVE	FUND RAISING	TOTAL
Grants & Assistance	$ 1,222,880	$ 753,071	$ 527,166	$ 2,503,117	$ -	$ -	$ 2,503,117
Printing & Publications	-	-	-	-	-	66,534	66,534
Miscellaneous	-	-	-	-	28,952	-	28,952
Donated Services	5,000	5,000	5,000	15,000	4,000	1,000	20,000
Professional Fees	-	-	-	-	28,760	-	28,760
Postage & Shipping	-	-	-	-	33,497	119,998	153,495
Office Expense & Supplies	-	4,523	-	4,523	3,641	-	8,164
Travel	-	-	-	-	13,000	-	13,000
Occupancy	-	-	-	-	2,477	-	2,477
Telephone	-	-	-	-	245	-	245
Conferences and Meetings	-	-	-	-	673	-	673
Total Expenses	$ 1,227,880	$ 762,594	$ 532,166	$ 2,522,640	$ 115,245	$ 187,532	$ 2,825,417

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

ASIA HARVEST, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$	98,458
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Donated Securities Not Converted to Cash		(2,158)
Change in Inventory		(4,028)
Change in Payroll Liabilities		442
Change in Accounts Payable		1,918
NET CASH PROVIDED BY OPERATING ACTIVITIES		94,632
NET INCREASE (DECREASE) IN CASH		94,632
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		868,776
CASH AND CASH EQUIVALENTS, END OF YEAR	$	963,408

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General

Asia Harvest, Inc. (AHI) is a non-profit organization. As a Christian ministry, AHI works in various countries throughout Asia to see effective churches planted among unreached people groups. AHI works alongside Asian church leaders, helping and equipping them to focus on reaching the lost.

Basis of Accounting and Presentation

The accounts of AHI are maintained, and these financial statements have been prepared, on the accrual basis of accounting which recognizes income when earned regardless of when received and expenses when incurred regardless of when paid. Financial statement presentation is in accordance with generally accepted accounting principles within the United States of America (GAAP). Under GAAP, the organization is required to report information regarding its financial practice and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income Tax

AHI is organized within the tax-exempt status provided by 501 (c) (3) of the Internal Revenue Code. During the year, AHI had no sources of unrelated business income. Therefore, no provision is made for federal and state corporate income taxes.

AHI has adopted accounting principles related to accounting for uncertainty in income taxes. AHI's policy is to record a liability for any tax position taken that is beneficial to AHI, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Penalties and interest related to underpayment of income taxes are not recorded as income taxes but as penalties and interest expense. Management believes there are no such positions as of year-end and, accordingly, no liability has been accrued. Fiscal years ending on or after December 31, 2014 remain subject to examination by federal and state authorities.

Property and Equipment

Property and equipment are recorded at cost for items purchased and recorded at fair market value for donated property. It is AHI's policy to capitalize equipment which costs at least $5,000 per unit item. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in income. Depreciation is based on the following policies:

Description	Useful Life	Method
Buildings	25-40 Years	Straight Line
Equipment	5-10 Years	Straight Line
Vehicles	5-7 Years	Straight Line

Net Assets

The financial statements report amounts separately by class of net assets:

a) Unrestricted net assets are those available at the discretion of the board for use in the organization's ministries, and those resources invested in land, buildings and equipment.

b) Temporarily restricted net assets are those restricted by donors for specific operating purposes, or for use in a future reporting period.

c) Permanently restricted net assets are those restricted by donors in perpetuity as endowments or irrevocable trusts.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – CONTINUED:

Unrestricted and Restricted Revenue and Support

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to AHI. Donated property (including securities, real property, and equipment) are recorded at fair value at the date of the gift.

AHI reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Gifts of property and equipment are reported 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, AHI reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Items

Donated supplies and other items are recorded at estimated fair value at the date of contribution.

Donated Services

Donated services are recognized by AHI whenever those services create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills provided that AHI would otherwise need to secure those services. Services are determined based upon the average fair value of comparable services. Program, administrative and fundraising efforts benefited from these services in the current year. The value of all donated services was determined to be $20,000 for the current year. This amount, which related to the fact that the field director did not take a salary from AHI, was recognized as both donated services revenue and expense.

Cash Equivalents

For purposes of the statement of cash flows, short-term investments with maturities of three months or less are considered cash equivalents.

Use of 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 assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimate relates to donated services revenue and expense.

Inventory

Inventory, such as books, newsletters and stationery are stated at the lower of cost or net realizable value. Inventory is held in a storage facility in the US.

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated to program, administrative, and fund raising expense categories.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets represent the unspent balance of donor restricted contributions for specific purposes, such as to support specific aid projects. Temporarily restricted net assets of $313,998 were available in the form of cash at year-end, and held for the following purposes as of December 31, 2017:

Description	Amount
Literature	$ 12,424
Evangelism	51,473
Humanitarian	250,101
Total	$ 313,998

The following represents a further breakdown of temporarily restricted revenue and expenditures on the related projects for the year. Note that some expenditures shown below would include the spending of unrestricted revenue on the project:

	Revenues	Expenses
China Bible Fund	$ 911,298	$ 900,000
Asian Bible Fund	267,932	322,880
Asian Workers' Fund	614,026	753,071
Living Martyrs' Fund	322,849	353,686
Bless the Children Fund	48,360	90,500
Persecution & Relief Fund	37,233	82,980
Total	$ 2,201,698	$ 2,503,117

NOTE 3 – CONCENTRATIONS:

AHI received $385,100 of contributions from a single donor. These contributions accounted for approximately 13.33% of AHI's total contributions for the year.

NOTE 4 – SUBSEQUENT EVENTS EVALUATION:

Management has evaluated subsequent events through May 21, 2018, which is the date the financial statements were available to be issued.