

**CALCUTTA MERCY MINISTRIES**  
-----  
**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**  
**For the Year Ended December 31, 2013**

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position .....	2
Statement of Activities .....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6

# Villani, Becker & Larsen S.C.

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Calcutta Mercy Ministries

We have audited the accompanying financial statements of Calcutta Mercy Ministries (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013, 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 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 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 Calcutta Mercy Ministries as of December 31, 2013, 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.



Villani, Becker & Larsen, S.C.  
Certified Public Accountants

Kenosha, WI  
June 16, 2014

CALCUTTA MERCY MINISTRIES  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2013

ASSETS	
CURRENT ASSETS	
Cash and equivalents	\$ 105,634
Total Current Assets	<u>105,634</u>
PROPERTY AND EQUIPMENT	<u>50</u>
TOTAL ASSETS	<u><u>105,684</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	21,434
Payroll liabilities	<u>4,278</u>
TOTAL LIABILITIES	<u>25,712</u>
NET ASSETS	
Unrestricted	<u>79,972</u>
TOTAL NET ASSETS	<u>79,972</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 105,684</u></u>

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

CALCUTTA MERCY MINISTRIES  
STATEMENTS OF ACTIVITIES  
For the Year Ended December 31, 2013

REVENUES AND SUPPORT	
Donations and sponsorship	\$ 1,573,172
Interest income	<u>17</u>
TOTAL REVENUES AND SUPPORT	1,573,189
EXPENSES	
Program services	1,203,466
Supporting services:	
Fundraising activities	61,083
Management and general	<u>337,442</u>
TOTAL EXPENSES	<u>1,601,991</u>
INCREASE (DECREASE) IN NET ASSETS	(28,802)
NET ASSETS, beginning	155,571
Spin-off of Canadian Operations	<u>(46,797)</u>
NET ASSETS, ending	<u><u>\$ 79,972</u></u>

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

CALCUTTA MERCY MINISTRIES  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2013

	Program Services	Supporting Services		Total Expenses
		Fundraising	Management and General	
Accounting fees	\$ -	\$ -	\$ 31,291	\$ 31,291
Assistance to individuals	8,147	-	-	8,147
Bank charges	-	-	11,885	11,885
Conferences	-	2,662	-	2,662
Depreciation	-	-	4,650	4,650
Grants and allocations	573,591	-	-	573,591
Information technology	-	-	8,325	8,325
Legal and professional	110,602	-	75,776	186,378
Office supplies	17,786	3,170	13,182	34,139
Other expenses	64,881	399	5,423	70,702
Payroll taxes	-	-	15,150	15,150
Printing and publications	78,449	10,252	7,550	96,251
Promotion	6,924	3,890	4,759	15,573
Salaries and wages	129,690	-	144,793	274,483
Travel	213,396	40,710	14,660	268,765
<b>TOTAL EXPENSES</b>	<b>\$ 1,203,466</b>	<b>\$ 61,083</b>	<b>\$ 337,442</b>	<b>\$ 1,601,991</b>

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

CALCUTTA MERCY MINISTRIES  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITES	
Increase (decrease) in net assets	\$ (28,802)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	4,650
Spin-off of Canadian Operations	(46,797)
(Increase) decrease in accounts receivable	-
Increase (decrease) in accounts payable	21,434
Increase (decrease) in payroll liabilities	<u>4,278</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(45,237)
BEGINNING CASH AND CASH EQUIVALNETS	<u>150,871</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 105,634</u></u>

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

CALCUTTA MERCY MINISTRIES  
NOTES TO FINANCIAL STATEMENTS

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operation**

Calcutta Mercy Ministries (the Organization) is a Utah not-for-profit corporation. The Organization seeks to connect private philanthropy with ongoing charitable health care services provided primarily by the Calcutta Mercy Hospital in Calcutta, India. The Organization also funds missionary efforts throughout India.

**Use of estimates in preparing financial statements**

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Cash Equivalents**

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Property and Equipment**

Equipment is stated at cost net of accumulated depreciation. Expenditures that increase values or extend useful lives of assets are capitalized and routine maintenance and repairs are charged to expense in the year incurred. Depreciation is computed principally using income tax accelerated methods over the statutory lives of the assets.

**Net Assets**

Net assets are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

*Unrestricted*

Unrestricted net assets include all net assets which are neither temporarily or permanently restricted.

*Temporarily Restricted*

Temporarily restricted net assets include contributed net assets for which donor-imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

*Permanently Restricted*

Permanently restricted net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

There were no temporarily or permanently restricted net assets as of December 31, 2013.

CALCUTTA MERCY MINISTRIES  
NOTES TO FINANCIAL STATEMENTS

**Donated Services and Property**

The fair value of donated services are recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by persons possessing those skills, and would need to be purchased if they weren't donated. Furniture, equipment and real property donated to the Organization are recorded at their estimated fair market value as of the date of contribution and recorded as contributed assets.

**Advertising and Promotion**

All costs associated with advertising and promoting the Organization's services are expensed in the year incurred. Advertising expense totaled \$15,573 for the year ended December 31, 2013.

**Income Taxes**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision has been made for income taxes.

**NOTE B – EQUIPMENT**

Equipment is as follows:

	<u>2013</u>
Cost:	
Computer equipment	<u>\$ 23,250</u>
	23,250
Accumulated depreciation	<u>(23,200)</u>
Net book value	<u><u>\$ 50</u></u>

Depreciation expense was \$4,650 for the year ended December 31, 2013.

**NOTE C – SPIN-OFF OF CANADIAN OPERATIONS**

During the year the Organization spun-off its operations in Canada, which formed a new organization, Calcutta Mercy Ministries - Canada. Cash that the Organization was holding in Canadian bank accounts at the time of the spin-off was transferred to the new organization.

**NOTE D – RELATED PARTY TRANSACTIONS**

Randy Valimont served as president of the Organization during the year. The Organization also had an agreement with Randy Valimont's organization, Randy Valimont Ministries, under which Randy Valimont Ministries provided promotional and fundraising services for the Organization for a fee. Total compensation paid to Randy Valimont Ministries for the year was \$90,000.

**NOTE E – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 16, 2014, the date the financial statements were available to be issued.

CALCUTTA MERCY MINISTRIES  
NOTES TO FINANCIAL STATEMENTS

**NOTE F – ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES**

The Organization adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*. ASC Topic 740-10 clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax filings. In evaluating the Organization's tax provisions, consideration is given regarding future taxable income, interpretations, and tax planning strategies. As of December 31, 2013, the Organization believes it has no uncertain tax positions that qualify for either recognition or disclosure.