

CALCUTTA MERCY MINISTRIES

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**
For the Year Ended December 31, 2015

TABLE OF CONTENTS

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

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 statement of financial position as of December 31, 2015, 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

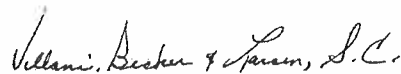
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Calcutta Mercy Ministries as of December 31, 2015, 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 30, 2016

CALCUTTA MERCY MINISTRIES
STATEMENT OF FINANCIAL POSITION
December 31, 2015

| | |
|-----------------------------------|-------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and equivalents | \$ 174,402 |
| Total Current Assets | <u>174,402</u> |
| TOTAL ASSETS | <u>\$ 174,402</u> |
| LIABILITIES AND NET ASSETS | |
| CURRENT LIABILITIES | |
| Accounts payable | \$ 1,730 |
| TOTAL LIABILITIES | <u>1,730</u> |
| NET ASSETS | |
| Unrestricted net assets | 42,936 |
| Temporarily restricted net assets | 106,736 |
| Permanently restricted net assets | <u>23,000</u> |
| TOTAL NET ASSETS | <u>172,672</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 174,401</u> |

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

CALCUTTA MERCY MINISTRIES
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|------------------|---------------------------|---------------------------|-------------------|
| REVENUES AND SUPPORT | | | | |
| Donations and sponsorship | \$ 1,476,020 | \$ 77,318 | \$ - | \$ 1,553,338 |
| Interest income | 779 | | | 779 |
| TOTAL REVENUES AND SUPPORT | 1,476,799 | 77,318 | - | 1,554,117 |
| EXPENSES | | | | |
| Program services | 1,351,482 | - | - | 1,351,482 |
| Supporting services: | | | | |
| Fundraising activities | 23,656 | - | - | 23,656 |
| Management and general | 236,116 | - | - | 236,116 |
| TOTAL EXPENSES | 1,611,254 | - | - | 1,611,254 |
| Net assets released from restrictions | 49,016 | (49,016) | - | - |
| INCREASE (DECREASE) IN NET ASSETS | (85,439) | 28,302 | - | (57,138) |
| NET ASSETS, beginning | 128,375 | 78,434 | 23,000 | 229,809 |
| NET ASSETS, ending | <u>\$ 42,936</u> | <u>\$ 106,736</u> | <u>\$ 23,000</u> | <u>\$ 172,671</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, 2015

| | Program Services | Supporting Services | | Total Expenses |
|---------------------------|---------------------|---------------------|---------------------------|---------------------|
| | | Fundraising | Management and General | |
| Accounting fees | \$ - | \$ - | \$ 21,400 | \$ 21,400 |
| Bank charges | - | - | 11,981 | 11,981 |
| Program allocations | 744,659 | - | - | 744,659 |
| Information technology | - | - | 931 | 931 |
| Legal and professional | 92,631 | 12,981 | 3,145 | 108,757 |
| Office expenses | - | 957 | 3,426 | 4,383 |
| Postage and shipping | 19,066 | - | - | 19,066 |
| AGWM fees | 30,758 | - | - | 30,758 |
| Other expenses | 19,245 | - | 3,726 | 22,972 |
| Payroll taxes | 7,559 | - | 11,822 | 19,381 |
| Printing and publications | 56,900 | 518 | 491 | 57,909 |
| Promotion | 13,686 | 127 | 3,654 | 17,466 |
| Salaries and wages | 160,774 | - | 172,732 | 333,506 |
| Travel and education | 206,205 | 9,072 | 2,808 | 218,085 |
| TOTAL EXPENSES | \$ 1,351,482 | \$ 23,656 | \$ 236,116 | \$ 1,611,254 |

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

CALCUTTA MERCY MINISTRIES
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2015

| | |
|---|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITES | |
| Increase (decrease) in net assets | \$ (57,138) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | |
| (Increase) decrease in accounts receivable | - |
| Increase (decrease) in accounts payable | <u>(21,781)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (78,919) |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>253,320</u> |
| ENDING CASH AND CASH EQUIVALENTS | <u><u>\$ 174,401</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.

CALCUTTA MERCY MINISTRIES
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$17,466 for the year ended December 31, 2015.

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. For the Organization, the tax years ended December 31, 2012 through the current year remain open for examination by federal and state tax authorities.

NOTE B – EQUIPMENT

Equipment is as follows:

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

Depreciation expense was \$0 for the year ended December 31, 2015.

NOTE C – PERMANENTLY RESTRICTED NET ASSETS

In 2011, the Organization received a donation of \$23,000 for which the donor permanently restricted the principal and made the interest earned available for operations.

CALCUTTA MERCY MINISTRIES
NOTES TO FINANCIAL STATEMENTS

NOTE D – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for programs for the year ended December 31, 2015 as follows:

| | |
|--------------------------------|------------------|
| Adopt-a-Village | \$ 20,300 |
| Hope House Ministry | 350 |
| Volunteer trips | 17,543 |
| Bible College | 10,203 |
| Huldah Buntain Ministry Center | 200 |
| Dwain & Jeane Jones Foundation | <u>420</u> |
| | <u>\$ 49,016</u> |

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

| | |
|--------------------------------|-------------------|
| Adopt-a-Village | \$ 28,366 |
| Emergency fund | 10,000 |
| Hope House Ministry | 23,713 |
| Volunteer trips | 37,077 |
| Huldah Buntain Ministry Center | 2,800 |
| Dwain & Jeane Jones Foundation | <u>4,780</u> |
| | <u>\$ 106,736</u> |

NOTE F – 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 \$92,631.

NOTE G – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 30, 2016, the date the financial statements were available to be issued.

NOTE H – 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, 2015, the Organization believes it has no uncertain tax positions that qualify for either recognition or disclosure.