

**INTERNATIONAL NEEDS
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Meyaard Tolman & Venlet p.c.
Certified Public Accountants
Zeeland, Michigan**

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Jayne E. Venlet, CPA
Charles D. Olszewski, CPA
John P. Rosendall, CPA

MEYAARD TOLMAN & VENLET p.c.

Certified Public Accountants

Glenn Meyaard, CPA
Matthew Mol, CPA, CFE
Lyndon Wood, CPA
Chanda M. Leech, CPA

Kenneth Tolman, CPA (1959-2003)

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
International Needs
Hudsonville, Michigan

We have audited the accompanying financial statements of International Needs (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 audits 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 International Needs at December 31, 2017 and 2016 and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of temporarily restricted project balances are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Meynard Tolman & Venlet pc

Meynard Tolman & Venlet p.c.
Certified Public Accountants
July 25, 2018

INTERNATIONAL NEEDS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash in bank	\$ 1,200,587	\$ 1,232,158
Prepaid expenses	15,295	8,500
Total Current Assets	1,215,882	1,240,658
PROPERTY AND EQUIPMENT:		
Leasehold improvements	40,669	40,669
Furniture and equipment	55,040	55,040
Computer equipment and website	100,729	97,054
	196,438	192,763
Less accumulated depreciation	(138,111)	(115,301)
Net Property and Equipment	58,327	77,462
OTHER ASSETS:		
Security deposit	1,648	1,648
TOTAL ASSETS	\$ 1,275,857	\$ 1,319,768
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 51,358	\$ 57,911
Accrued payroll	18,140	24,052
Total Current Liabilities	69,498	81,963
TOTAL LIABILITIES	69,498	81,963
NET ASSETS		
Unrestricted	426,120	462,262
Temporarily restricted	780,239	775,543
Total Net Assets	1,206,359	1,237,805
TOTAL LIABILITIES AND NET ASSETS	\$ 1,275,857	\$ 1,319,768

See accompanying notes.

INTERNATIONAL NEEDS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31,

	2017		
	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Contributions	\$ 906,715	\$ 1,979,025	\$2,885,740
Special events	7,250	-	7,250
Miscellaneous income	1,758	-	1,758
Interest income	1,525	-	1,525
Net assets released from restrictions	1,974,329	(1,974,329)	-
Total Revenues	2,891,577	4,696	2,896,273
EXPENSES	2,927,719	-	2,927,719
CHANGE IN NET ASSETS	(36,142)	4,696	(31,446)
NET ASSETS, beginning	462,262	775,543	1,237,805
NET ASSETS, ending	\$ 426,120	\$ 780,239	\$ 1,206,359

See accompanying notes.

	2016		
	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Contributions	\$ 849,473	\$ 2,046,291	\$2,895,764
Special events	8,620	-	8,620
Miscellaneous income	200	-	200
Interest income	1,345	-	1,345
Net assets released from restrictions	1,921,008	(1,921,008)	-
Total Revenues	2,780,646	125,283	2,905,929
EXPENSES	2,986,032	-	2,986,032
CHANGE IN NET ASSETS	(205,386)	125,283	(80,103)
NET ASSETS, beginning	667,648	650,260	1,317,908
NET ASSETS, ending	\$ 462,262	\$ 775,543	\$ 1,237,805

**INTERNATIONAL NEEDS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

	USA Ministry	International Ministry Projects	Total Program	General and Admini- strative	Fund- raising	Total
Special projects	\$ 17,050	\$ 1,952,263	\$ 1,969,313	\$ -	\$ -	\$ 1,969,313
Salaries, wages, and support	293,699	-	293,699	100,658	137,400	531,757
Payroll taxes and benefits	66,785	-	66,785	22,845	31,289	120,919
Information technology	26,070	-	26,070	14,074	8,011	48,155
Travel and expenses	17,207	-	17,207	5,926	12,909	36,042
Occupancy	29,125	-	29,125	3,236	-	32,361
Partnership fees	30,000	-	30,000	-	-	30,000
Depreciation	18,248	-	18,248	4,561	-	22,809
Contract services	8,128	-	8,128	-	12,192	20,320
Bank fees	-	-	-	20,205	-	20,205
Professional services	3,388	-	3,388	12,960	1,452	17,800
Trainings and meetings	8,184	-	8,184	4,410	3,748	16,342
Printing	8,237	-	8,237	3,168	1,267	12,672
Postage	10,528	-	10,528	797	319	11,644
Communications	7,135	-	7,135	793	-	7,928
Repairs and maintenance	6,486	-	6,486	721	-	7,207
Insurance	6,323	-	6,323	703	-	7,026
Office supplies	3,884	-	3,884	961	1,063	5,908
Promotional and advertising	3,656	-	3,656	-	1,968	5,624
Dues and subscriptions	-	-	-	1,826	-	1,826
Board and regional meetings	-	-	-	1,563	-	1,563
Miscellaneous	149	-	149	149	-	298
Total	\$564,282	\$ 1,952,263	\$ 2,516,545	\$ 199,556	\$211,618	\$ 2,927,719

See accompanying notes.

INTERNATIONAL NEEDS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	USA Ministry	International Ministry Projects	Total Program	General and Admini- strative	Fund- raising	Total
Special projects	\$ -	\$ 1,903,825	\$ 1,903,825	\$ -	\$ -	\$ 1,903,825
Salaries, wages, and support	341,226	-	341,226	107,658	166,535	615,419
Payroll taxes and benefits	75,183	-	75,183	24,083	37,626	136,892
Information technology	27,503	-	27,503	16,295	8,209	52,007
Travel and expenses	23,543	-	23,543	9,229	9,636	42,408
Professional services	14,495	-	14,495	18,790	6,212	39,497
Occupancy	28,741	-	28,741	3,194	-	31,935
Partnership fees	30,000	-	30,000	-	-	30,000
Depreciation	17,904	-	17,904	4,476	-	22,380
Bank fees	-	-	-	19,290	-	19,290
Training and development	7,480	-	7,480	5,140	4,318	16,938
Postage	11,969	-	11,969	1,101	440	13,510
Miscellaneous	693	-	693	11,266	-	11,959
Printing	7,690	-	7,690	2,958	1,183	11,831
Communications	8,424	-	8,424	936	-	9,360
Repairs and maintenance	6,696	-	6,696	744	-	7,440
Insurance	6,607	-	6,607	729	-	7,336
Office supplies	4,149	-	4,149	842	599	5,590
Promotional and advertising	3,477	-	3,477	-	1,873	5,350
Board and regional meetings	-	-	-	2,975	-	2,975
Loss on asset disposition	-	-	-	90	-	90
Total	\$ 615,780	\$ 1,903,825	\$ 2,519,605	\$ 229,796	\$ 236,631	\$ 2,986,032

See accompanying notes.

**INTERNATIONAL NEEDS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,**

	2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (31,446)	\$ (80,103)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	22,810	22,380
Loss on disposition of assets	-	90
(Increase) decrease in current assets:		
Prepaid expenses and security deposit	(6,795)	6,183
Increase (decrease) in current liabilities:		
Accounts payable	(6,553)	25,687
Accrued payroll and related withholdings	(5,912)	1,948
Net Cash Provided (Used) By Operating Activities	(27,896)	(23,815)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	(3,675)	-
Net Cash Provided (Used) By Investing Activities	(3,675)	-
Net change in cash and cash equivalents	(31,571)	(23,815)
Cash and cash equivalents, beginning	1,232,158	1,255,973
Cash and cash equivalents, ending	\$ 1,200,587	\$ 1,232,158

There were no payments of interest or income taxes during the years ended December 31, 2017 and 2016.

INTERNATIONAL NEEDS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature Of Activities - International Needs ("the Organization") is an interdenominational Christian evangelistic organization that is classified as an exempt religious organization by the Internal Revenue Service. The purpose of the Organization is to provide ministry and financial assistance to affiliated organizations throughout the world in order to carry on Christian missionary work through evangelism, vocational training schools, orphanages, literature distribution and disaster relief. The ministry also supports individual missionaries and Bible college students. The ministry receives contributions from individuals and churches.

Major program descriptions are as follows:

USA Ministry - To raise the profile of the Organization in the United States; arrange national ministry visits; raise financial support for ministries; liaise with prayer partners, sponsors and donors; and participate in the world-wide partnership of the Organization.

International Ministry - To support the undertaking of numerous ministries worldwide including church planting, schools, medical clinics, care for the handicapped, vocational training, orphanage care, Christian publishing and linking with other groups of similar concerns.

Income Tax Exemption – The Organization is a non-profit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Under the provisions of *Accounting Standards Codification* (authoritative guidance), net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

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

Uninsured cash balance - The Organization maintains cash balances at one financial institution. At times, the balances in these accounts may exceed federally insured limits. The Organization has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk with respect to cash.

Compensated absences - The Organization has not accrued compensated absences since the amount is deemed to be immaterial.

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.

Property, Equipment and Depreciation - Property and equipment are stated at cost or, if donated, at the fair market value at the date of the gift. Depreciation is computed using a straight-line method over estimated useful lives of the assets. Repair and maintenance expenditures which do not extend productive life are expensed as incurred.

Advertising - All advertising costs are expensed as incurred.

Allocation of expenses - The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting activities.

The Organization generally allocates 15% of contributions received to the supporting activities expenditures of the USA national office. The Organization generally allocates 4% of contributions to the International Ministry Fund as well as capacity building, travel assistance, and leadership development for all International Needs countries.

Fundraising expenses - The Organization incurs certain costs that include elements of both administration and fundraising activities. These joint costs are allocated to the applicable activities.

DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization sponsors a defined contribution pension plan covering the executive director. Contributions to the plan were \$ 0 and \$1,000 for the years ended December 31, 2017 and 2016, respectively.

RELATED PARTY TRANSACTIONS

Ministry disbursements

During 2017, \$1,763,902 was transferred to the Inter-National Needs Network Incorporated for disbursements to international ministries. The amount transferred in 2016 was \$1,708,902.

LEASES

Effective August 1, 2013, the Organization relocated into a larger facility and entered into a five year lease. Monthly payments of \$1,648 commenced September 1, 2013, with an annual 3% increase in the monthly payment. The current monthly payment is \$1,855. The lease has (two) five-year renewal options, and in 2018, the Organization exercised the first renewal option. Total rent paid was \$21,778 and \$21,197 for the years ended December 31, 2017 and 2016, respectively.

In December 2013, the Organization signed a lease for a copier, under a five year capital lease. The lease commenced January 1, 2014 with monthly minimum payments of \$453.

In February 2017, the Organization renewed its lease for postage meter equipment. Quarterly payments of \$159 are payable under the 51-month lease.

Future minimum lease payments for years ending December 31 are as follows:

2018	\$	28,607
2019		23,846
2020		24,547
2021		24,788
2022		23,566
2023		15,050
Total	\$	<u>140,404</u>

NAME CHANGE

Effective October 21, 2017, the Organization changed its name from IN Network to International Needs.

SUBSEQUENT EVENTS

Subsequent events were evaluated through July 25, 2018, which is the date the financial statements were available to be issued.

INTERNATIONAL NEEDS
SCHEDULES OF TEMPORARILY RESTRICTED PROJECT BALANCES
YEARS ENDED DECEMBER 31,

	Project Balance 12/31/2015	2016 Contributions	2016 Amounts Released from Restriction (Expended)	Project Balance 12/31/2016
Africa:				
Egypt	\$ 51,783	\$ 51,655	\$ 62,520	\$ 40,918
Ethiopia	1,703	6,120	5,400	2,423
Ghana	157,906	745,608	682,579	220,935
Kenya	32,988	81,089	79,924	34,153
Uganda	35,530	106,990	112,599	29,921
Zambia	42,487	36,265	31,410	47,342
Asia:				
Bangladesh	2,704	21,559	20,957	3,306
India	40,403	68,701	66,342	42,762
Nepal	25,669	136,888	124,676	37,881
Sri Lanka	9,859	111	2,253	7,717
Philippines	13,626	16,875	15,053	15,448
Vietnam	6,006	14,916	12,960	7,962
Eastern Europe:				
Czech Republic	24,223	49,848	50,160	23,911
Romania	26,899	76,247	67,732	35,414
Slovakia	20,924	86,147	82,246	24,825
Turkey	43,461	93,001	96,840	39,622
New Zealand	4,173	23,295	21,032	6,436
South America:				
Colombia	23,917	71,675	76,751	18,841
Vision Tours	(813)	46,262	43,983	1,466
International ministry travel (work teams)	42,586	248,303	212,961	77,928
Special offerings	42,489	48,694	35,446	55,737
Staff support	1,737	6,042	7,184	595
Totals	<u>\$ 650,260</u>	<u>\$ 2,036,291</u>	<u>\$ 1,911,008</u>	<u>\$ 775,543</u>

See accompanying notes.

	2017 Contributions	2017 Amounts Released from Restriction (Expended)	Project Balance 12/31/2017
Africa:			
Egypt	\$ 68,278	\$ 75,487	\$ 33,709
Ethiopia	6,039	6,400	2,062
Ghana	726,451	759,887	187,499
Kenya	91,292	90,067	35,378
Uganda	95,627	88,757	36,791
Zambia	30,282	33,506	44,118
Asia:			
Bangladesh	38,362	36,020	5,648
India	67,272	68,996	41,038
Nepal	121,535	106,075	53,341
Sri Lanka	-	-	7,717
Philippines	11,308	10,584	16,172
Vietnam	14,958	14,960	7,960
Eastern Europe:			
Czech Republic	53,474	49,235	28,150
Romania	60,372	61,265	34,521
Slovakia	88,597	88,908	24,514
Turkey	157,761	120,520	76,863
New Zealand	24,547	25,025	5,958
South America:			
Colombia	87,833	84,903	21,771
Vision Tours	17,581	15,620	3,427
International ministry travel (work teams)	84,633	121,795	40,766
Special offerings	128,031	111,302	72,466
Staff support	4,792	5,017	370
Totals	<u>\$ 1,979,025</u>	<u>\$ 1,974,329</u>	<u>\$ 780,239</u>