

WorldHarvest
Financial Statements
December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
WorldHarvest

I have audited the accompanying financial statements of WorldHarvest (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2021 and 2020, 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

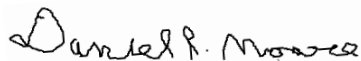
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about 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, I 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.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WorldHarvest as of December 31, 2021 and 2020 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.



February 21, 2022

WORLDHARVEST
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	December 31,	
	2021	2020
Current assets:		
Cash	\$ 606,101	\$ 306,691
Donations receivable	-	13,850
Accounts receivable - IFGF church	10,148	-
Accounts receivable	2,255	2,255
Prepaid rent - IFGF Church	14,035	13,220
Total current assets	632,539	336,016
Office equipment and improvements		
Office equipment	31,463	19,571
Building improvements	15,882	-
Less: accumulated depreciation	(17,910)	(15,565)
Net office equipment and improvements	29,435	4,006
Other Assets:		
Prepaid rent none current portion - IFGF Church	18,407	32,442
Total other assets	18,407	32,442
Total assets	\$ 680,381	\$ 372,464
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable & accrued expenses	52,627	3,518
PPP Loan payable	-	24,290
Total current liabilities \ Total liabilities	52,627	27,808
Net assets:		
Without donor restrictions	491,482	276,446
With donor restrictions	136,272	68,210
Total net assets	627,754	344,656
Total liabilities and net assets	\$ 680,381	\$ 372,464

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

WORLDHARVEST
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donors Restrictions	With Donors Restrictions	Total	Without Donors Restrictions	With Donors Restrictions	Total
Support and revenue:						
Sponsor - A - Child donations	\$ -	\$ 243,569	\$ 243,569	\$ -	\$ 234,957	\$ 234,957
Contributions	311,045	528,758	839,803	125,604	93,017	218,621
IFGF church contributions	62,796	-	62,796	65,471	-	65,471
In-Kind donations	6,798	-	6,798	17,900	-	17,900
Interest income	2,400	-	2,400	3,173	-	3,173
Total support and revenue	<u>383,039</u>	<u>772,327</u>	<u>1,155,366</u>	<u>212,148</u>	<u>327,974</u>	<u>540,122</u>
Net assets released from restrictions due to satisfaction of purpose	704,265	(704,265)	-	276,959	(276,959)	-
Total support and revenue	<u>1,087,304</u>	<u>68,062</u>	<u>1,155,366</u>	<u>489,107</u>	<u>51,015</u>	<u>540,122</u>
Expenses:						
Program services	695,971	-	695,971	422,355	-	422,355
Supporting activities:						
Management & general	139,722	-	139,722	123,478	-	123,478
Fundraising	<u>36,575</u>	<u>-</u>	<u>36,575</u>	<u>34,502</u>	<u>-</u>	<u>34,502</u>
Total expenses	<u>872,268</u>	<u>-</u>	<u>872,268</u>	<u>580,335</u>	<u>-</u>	<u>580,335</u>
Change in net assets	215,036	68,062	283,098	(91,228)	51,015	(40,213)
Net assets at beginning of year	<u>276,446</u>	<u>68,210</u>	<u>344,656</u>	<u>367,674</u>	<u>17,195</u>	<u>384,869</u>
Net assets at end of year	<u>\$ 491,482</u>	<u>\$ 136,272</u>	<u>\$ 627,754</u>	<u>\$ 276,446</u>	<u>\$ 68,210</u>	<u>\$ 344,656</u>

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

WORLDHARVEST
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2021				Year Ended December 31, 2020			
	Program Services	Management & General	Fund- Raising	Total Expenses	Program Services	Management & General	Fund- Raising	Total Expenses
Salaries	\$ 90,981	\$ 81,091	\$ 25,712	\$ 197,784	\$ 70,403	\$ 73,603	\$ 16,001	\$ 160,007
Payroll taxes	5,800	5,169	1,639	12,608	4,303	4,499	978	9,780
Meals & entertainment	3,821	3,405	1,080	8,306	1,499	1,567	340	3,406
Merchant fees & bank charges	-	17,537	-	17,537	-	9,091	-	9,091
Miscellaneous expense	-	368	-	368	-	546	-	546
Fundraising	-	-	265	265	-	-	11,343	11,343
Gifts & hospitality	1,470	1,310	415	3,196	613	641	139	1,393
Insurance	1,449	1,291	409	3,149	1,369	1,432	311	3,112
Newsletter & other printing	935	833	264	2,032	1,214	1,269	276	2,759
Office supplies & expenses	9,399	8,378	2,656	20,433	5,612	5,867	1,276	12,755
Postage	358	319	101	779	678	709	154	1,541
Telephone	1,576	1,405	446	3,427	1,887	1,973	429	4,289
Grants	223,361	-	-	223,361	153,201	-	-	153,201
Travel	3,977	3,544	1,124	8,645	2,731	2,855	621	6,207
Rent	7,176	6,396	2,028	15,600	6,864	7,176	1,560	15,600
Accounting & legal	-	7,300	-	7,300	-	7,300	-	7,300
Relief	341,744	-	-	341,744	149,345	-	-	149,345
Marketing	2,384	-	-	2,384	-	-	-	-
Website	-	-	-	-	1,805	1,887	410	4,102
Depreciation	1,079	961	305	2,345	1,221	1,276	277	2,774
Membership	462	412	131	1,005	1,710	1,787	387	3,884
In-Kind donations	-	-	-	-	17,900	-	-	17,900
Total expenses	\$ 695,971	\$ 139,722	\$ 36,575	\$ 872,268	\$ 422,355	\$ 123,478	\$ 34,502	\$ 580,335

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

WORLDHARVEST
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 283,098	\$ (40,213)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,345	2,774
Amortization of prepaid rent	13,220	12,451
Imputed interest income	(815)	(3,148)
Imputed rent expense	815	3,148
PPP loan forgiveness not using cash	(24,290)	-
Contributed improvements	(6,798)	-
(Increase) decrease in:		
Accounts receivable	(10,148)	7,353
Donations receivable	13,850	(13,850)
Increase (decrease) in:		
Accounts payable	49,109	776
Net cash provided (used) by operating activities	320,386	(30,709)
Cash flows from investing activities:		
Purchased equipment & improvements	(20,976)	(2,772)
Net cash used by investing activities	(20,976)	(2,772)
Cash flows from financing activities:		
Proceeds on PPP loan payable	-	24,290
Net cash provided (used) by financing activities	-	24,290
Net Increase (decrease) in cash	299,410	(9,191)
Cash at beginning of year	306,691	315,882
Cash at end of year	\$ 606,101	\$ 306,691

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

WORLDHARVEST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. NATURE OF ORGANIZATION

Programs of WorldHarvest (a nonprofit corporation) began in December of 1989 as part of Indonesian Harvest Outreach (IHO). In 2001, WorldHarvest was chartered as a religious nonprofit corporation in California. Program activity of IHO was transferred to WorldHarvest with the intent of providing community, educational, and media services. WorldHarvest is affiliated with the International Full Gospel Fellowship (IFGF) of Monrovia, California and its member churches. Services are provided through WorldHarvest partners primarily in Indonesia, Saudi Arabia, Afghanistan, Uganda, Sierra Leone, Kenya, Tanzania, Sudan, India, Pakistan and Nepal.

The scope of these financial statements is limited to the Corporate Office of WorldHarvest. The financial activity of the IFGF of Los Angeles, California, the various IFGF churches and the associated overseas partners are not incorporated with WorldHarvest.

WorldHarvest is exempt from income tax under Internal Revenue Code Section 501(c)(3). In addition, WorldHarvest qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). WorldHarvest is also exempt from state income tax under section 23701d of the California Revenue and Taxation Code.

Individuals, churches, and other nonprofit corporations throughout the United States support WorldHarvest. A portion of WorldHarvest's support comes from sixteen member church congregations of the IFGF in the United States and Canada. These churches generally remit 4% of their total receipts excluding capital funds, bequests, and restricted contributions to WorldHarvest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

WorldHarvest uses accrual basis accounting and also follows the standards of Accord Network, formally known as Association of Evangelical Relief and Development Organizations (AERDO), in recording gifts-in-kind.

Cash

Cash is cash in bank checking and savings accounts.

Promises receivable

Unconditional promises to give are recognized as revenue or gains in the period received as either assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There are no such receivables at December 31, 2021 or 2020.

WorldHarvest uses the allowance method to determine uncollectible unconditional promises receivable. The allowance method is based on prior years' experience and management's analysis of specific promises made.

WORLDHARVEST
NOTES TO FINANCIAL STATEMENTS
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Office equipment

Equipment and improvements are capitalized at cost, or estimated fair market value at date of gift, and depreciated on a straight-line basis over the estimated useful lives of 3 to 5 years for equipment.

Absent donor directions regarding how long those donated assets must be maintained, WorldHarvest reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Functional allocation of expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefits primarily on estimates of time and effort.

Contributions, restricted contributions, and reclassifications

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Classes of net assets

Net assets without restrictions include amounts available to be used at the discretion of the board of directors in the organization's programs and operations and those resources invested in equipment. Net assets with restrictions on a temporary basis are those that are restricted by donors for specific operating purposes. Net assets with permanent restrictions are those that represent endowments where it is stipulated by donors that the principal remain in perpetuity and only the income is available for use in unrestricted or temporarily restricted purposes in accordance with donor intentions. All donations are considered available for unrestricted use unless specifically restricted by the donor.

Use of 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.

Contributed services and products

In 2021 window blinds with a value of \$6,798 were contributed to WorldHarvest. The blinds were donated by a company whose business is selling window blinds and valuation is based on what would have been the actual selling price.

In 2020 approximately \$17,900 of masks and hand sanitizer was contributed to WorldHarvest. These masks were distributed to needy people and church members around the USA and Canada via the various IFGF member churches.

WORLDHARVEST
NOTES TO FINANCIAL STATEMENTS
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Contributed services and products continued

During the year ended December 31, 2021 and 2020 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Statement of Cash Flows

This statement reflects inflows and outflows of cash, summarized by operating, investing, and financing activities. The statement of cash flows is prepared using the indirect method. For purposes of the statement, cash consists of bank checking and savings accounts.

Fair value of financial instruments

Carrying values of certain financial instruments, including cash, accounts receivable, accounts payable, accrued expenses, and the PPP loan payable approximated their fair values due to the short-term nature of these financial instruments.

3. ACCOUNTS RECEIVABLE AND DONATIONS RECEIVABLE

At December 31, 2021, \$10,418 of accounts receivable is due from the IFGF Los Angeles church and IFGF Headquarters for shared costs.

At December 31, 2020, \$13,850 of donations receivable are amounts donated to WorldHarvest via Face Book during the 2020 year but not paid to WorldHarvest until January of 2021.

4. PREPAID RENT – IFGF CHURCH AND OTHER IFGF TRANSACTIONS

An agreement, dated March 1, 2016, with the Los Angeles IFGF church modified a note receivable.

The agreement reclassified the note receivable from the Los Angeles IFGF church to prepaid rent to be utilized over the period of March 1, 2016 to March 1, 2024 for space occupied by WorldHarvest. WorldHarvest records monthly rent expense of \$1,300. The prepaid rent is amortized assuming a 6% interest rate. The equivalent of a principal payment reduces the asset. The interest element is recorded as interest income on a monthly basis.

WorldHarvest and the Los Angeles IFGF church share some other minor additional costs such as telephone phone expenses.

5. PPP LOAN PAYBLE

A loan of \$24,290 was obtained from the U.S. Small Business Administration under the Paycheck Protection Program (PPP). The interest rate is 1% per annum. This loan was forgiven under this PPP program policies during the December 31, 2021 year and has been recorded as income.

WORLDHARVEST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes for the years ended December 31:

<u>Program</u>	<u>2021</u>	<u>2020</u>
Disaster relief	\$ 96,335	\$21,403
Sponsor a child	22,303	34,260
Sponsor a child – reserve	17,634	4,964
Summer Missions	---	<u>7,583</u>
Total	<u>\$136,272</u>	<u>\$68,210</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended December 31:

<u>Program</u>	<u>2021</u>	<u>2020</u>
Disaster relief	\$ 409,152	\$ 78,034
Sponsor a child	242,855	195,733
Special projects	---	3,192
Stop Hunger	44,675	---
Summer Missions	<u>7,583</u>	---
Total	<u>\$704,265</u>	<u>\$276,959</u>

7. OPERATING LEASE

The monthly rental rate is \$1,300 from March 1, 2016 to March 1, 2024. Rent is not paid in cash because the \$100,000 note receivable was converted to prepaid rent and will be amortized as monthly rent. Therefore, no future rent schedule is presented. Rent expense for the years ended December 31, 2021 and 2020 was \$15,600 and \$15,600 respectively.

8. LIQUIDITY AND AVAILABILITY

Financial assets are considered to be available for general expenditure if there are no donor or other restrictions that would preclude use for general expenditures. At December 31, 2021 and 2020 financial assets available for general expenditure within one year are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 606,101	\$306,691
Account receivable – IFGF Church	10,148	---
Account receivable	2,255	2,225
Donations receivable	---	<u>13,850</u>
Total financial assets	618,504	322,796
Less: temporarily restricted net assets at year end	<u>(136,272)</u>	<u>(68,210)</u>
Total liquid assets available for general expenditures	<u>\$ 482,232</u>	<u>\$254,586</u>

To manage liquid assets WorldHarvest establishes an annual budget that plans to not spend any reserves. This maintains cash balance sufficient to provide cash for all general expenditures for the year.

WORLDHARVEST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

9. CONCENTRATIONS

WorldHarvest maintains cash in banks located in Southern California. The deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash amounts of \$87,210 and \$3,092 were in excess of insurance limits based on bank balances for the year ended December 31, 2021 and 2020 respectively. At times during the years ended December 31, 2021 and 2021 amounts did exceed insured limits. In addition, approximately 52% of 2021 and 68% of 2020 donations came from California sources.

10. EVALUATION OF SUBSEQUENT EVENTS

WorldHarvest has evaluated subsequent events through February 28, 2022, the date which the financial statements were available to be issued, and there is one subsequent event to report. The board of directors of WorldHarvest has approved the establishment of a quasi-endowment and plans to fund the quasi-endowment with \$200,000. Investments will be purchased with this \$200,000. The exact kind of investments have not been determined.