

**WorldHarvest**  
Financial Statements  
December 31, 2020 and 2019

Daniel R. Moore  
Certified Public Accountant  
10414 Olive St. Temple City, CA 91780  
Telephone 626-242-8345

## 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, 2020 and 2019, 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, 2020 and 2019 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.



May 12, 2021

**WORLDHARVEST**  
STATEMENTS OF FINANCIAL POSITION

	<u>ASSETS</u>	
	December 31,	
	2020	2019
<b>Current assets:</b>		
Cash	\$ 306,691	\$ 315,882
Donations receivable	13,850	-
Accounts receivable - IFGF church	-	9,608
Accounts receivable	2,255	-
Prepaid rent - IFGF Church	13,220	12,452
<b>Total current assets</b>	<b>336,016</b>	<b>337,942</b>
<b>Office equipment:</b>		
Office equipment	19,571	19,313
Less: accumulated depreciation	(15,565)	(15,305)
<b>Net office equipment</b>	<b>4,006</b>	<b>4,008</b>
<b>Other Assets:</b>		
Prepaid rent none current portion - IFGF Church	32,442	45,661
<b>Total other assets</b>	<b>32,442</b>	<b>45,661</b>
<b>Total assets</b>	<b>\$ 372,464</b>	<b>\$ 387,611</b>
	<b><u>LIABILITIES AND NET ASSETS</u></b>	
<b>Current liabilities:</b>		
Accounts payable & accrued expenses	3,518	2,742
PPP Loan payable	24,290	-
<b>Total current liabilities \ Total liabilities</b>	<b>27,808</b>	<b>2,742</b>
<b>Net assets:</b>		
Without donor restrictions	276,446	367,674
With donor restrictions	68,210	17,195
<b>Total net assets</b>	<b>344,656</b>	<b>384,869</b>
<b>Total liabilities and net assets</b>	<b>\$ 372,464</b>	<b>\$ 387,611</b>

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

**WORLDHARVEST**  
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donors Restrictions	With Donors Restrictions	Total	Without Donors Restrictions	With Donors Restrictions	Total
<b>Support and revenue:</b>						
Sponsor - A - Child donations	\$ -	\$ 234,957	\$ 234,957	\$ -	\$ 215,750	\$ 215,750
Contributions	125,604	93,017	218,621	377,574	-	377,574
IFGF church contributions	65,471	-	65,471	80,063	-	80,063
In-Kind donations	17,900	-	17,900	820	-	820
Interest income	3,173	-	3,173	3,924	-	3,924
Total support and revenue	212,148	327,974	540,122	462,381	215,750	678,131
Net assets released from restrictions due to satisfaction of purpose	276,959	(276,959)	-	240,740	(240,740)	-
Total support and revenue	489,107	51,015	540,122	703,121	(24,990)	678,131
<b>Expenses:</b>						
Program services	422,355	-	422,355	441,535	-	441,535
Supporting activities:						
Management & general	123,478	-	123,478	99,470	-	99,470
Fundraising	34,502	-	34,502	36,108	-	36,108
Total expenses	580,335	-	580,335	577,113	-	577,113
<b>Change in net assets</b>	(91,228)	51,015	(40,213)	126,008	(24,990)	101,018
<b>Net assets at beginning of year</b>	367,674	17,195	384,869	241,666	42,185	283,851
<b>Net assets at end of year</b>	\$ 276,446	\$ 68,210	\$ 344,656	\$ 367,674	\$ 17,195	\$ 384,869

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

**WORLDHARVEST**  
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2020				Year Ended December 31, 2019			
	Program Services	Management & General	Fund- Raising	Total Expenses	Program Services	Management & General	Fund- Raising	Total Expenses
Salaries	\$ 70,403	\$ 73,603	\$ 16,001	\$ 160,007	\$ 50,258	\$ 49,090	\$ 17,532	\$ 116,880
Payroll taxes	4,303	4,499	978	9,780	2,991	2,921	1,043	6,955
Meals & entertainment	1,499	1,567	340	3,406	781	763	273	1,817
Merchant fees & bank charges	-	9,091	-	9,091	-	10,735	-	10,735
Miscellaneous expense	-	546	-	546	-	424	-	424
Fundraising	-	-	11,343	11,343	-	-	7,177	7,177
Gifts & hospitality	613	641	139	1,393	4,331	4,230	1,510	10,071
Insurance	1,369	1,432	311	3,112	1,262	1,232	440	2,934
Newsletter & other printing	1,214	1,269	276	2,759	2,540	2,481	885	5,906
Office supplies & expenses	5,612	5,867	1,276	12,755	5,347	5,222	1,865	12,434
Postage	678	709	154	1,541	442	432	155	1,029
Telephone	1,887	1,973	429	4,289	1,355	1,324	473	3,152
Grants	153,201	-	-	153,201	137,385	-	-	137,385
Travel	2,731	2,855	621	6,207	3,453	3,373	1,204	8,030
Rent	6,864	7,176	1,560	15,600	6,708	6,552	2,340	15,600
Accounting & legal	-	7,300	-	7,300	-	7,300	-	7,300
Relief	149,345	-	-	149,345	661	-	-	661
Special projects	-	-	-	-	219,728	-	-	219,728
Website	1,805	1,887	410	4,102	729	712	255	1,696
Depreciation	1,221	1,276	277	2,774	1,096	1,070	382	2,548
Membership	1,710	1,787	387	3,884	1,648	1,609	574	3,831
In-Kind donations	17,900	-	-	17,900	820	-	-	820
<b>Total expenses</b>	<u>\$ 422,355</u>	<u>\$ 123,478</u>	<u>\$ 34,502</u>	<u>\$ 580,335</u>	<u>\$ 441,535</u>	<u>\$ 99,470</u>	<u>\$ 36,108</u>	<u>\$ 577,113</u>

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

**WORLDHARVEST**  
STATEMENTS OF CASH FLOWS

	<u>Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (40,213)	\$ 101,018
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,774	2,548
Amortization of prepaid rent	12,451	11,728
Imputed interest income	(3,148)	(3,871)
Imputed rent expense	3,148	3,871
(Increase) decrease in:		
Accounts receivable	7,353	3,500
Donations receivable	(13,850)	-
Employee advance	-	2,501
Increase (decrease) in:		
Accounts payable	<u>776</u>	<u>442</u>
<b>Net cash provided (used) by operating activities</b>	<u>(30,709)</u>	<u>121,737</u>
<b>Cash flows from investing activities:</b>		
Purchased equipment	<u>(2,772)</u>	<u>(2,892)</u>
<b>Net cash used by investing activities</b>	<u>(2,772)</u>	<u>(2,892)</u>
<b>Cash flows from financing activities:</b>		
Proceeds on PPP loan payable	<u>24,290</u>	<u>-</u>
<b>Net cash provided by financing activities</b>	<u>24,290</u>	<u>-</u>
<b>Net Increase (decrease) in cash</b>	(9,191)	118,845
Cash at beginning of year	<u>315,882</u>	<u>197,037</u>
Cash at end of year	<u>\$ 306,691</u>	<u>\$ 315,882</u>

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

**WORLDHARVEST**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**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, South Africa, Uganda, Sierra Leone, 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 22-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, 2020 or 2019.

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  
DECEMBER 31, 2020 AND 2019

**Office equipment**

Equipment is 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 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.

In 2019 approximately \$820 of school supplies were contributed to WorldHarvest. There were no contributed services of a professional nature contributed in 2020 and 2019. Additionally, not reflected in these financial statements are many hours of service volunteered to WorldHarvest by persons assisting WorldHarvest's programs in capacities, which are not of a professional nature.



**WORLDHARVEST**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**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, 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.

At December 31, 2019 the accounts receivable is due from the Los Angeles IFGF for ministry expense reimbursements. Management of WorldHarvest expected all amounts will be collected within a year so no allowance for uncollectible accounts is needed.

**4. PREPAID RENT – IFGF CHURCH**

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.

**5. PPP LOAN PAYABLE**

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. Management expects this loan will be forgiven under this PPP program policies.

**6. NET ASSETS WITH DONOR RESTRICTIONS**

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

<b><u>Program</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Disaster relief	\$21,403	\$ 9,612
Sponsor a child	34,260	---
Sponsor a child – reserve	4,964	---
Summer Missions	<u>7,583</u>	<u>7,583</u>
Total	<u>\$68,210</u>	<u>\$17,195</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:

**WORLDHARVEST**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**6. NET ASSETS WITH DONOR RESTRICTIONS continued**

<u>Program</u>	<u>2020</u>	<u>2019</u>
Disaster relief	\$ 78,034	\$ 300
Sponsor a child	195,733	221,532
Special projects	3,192	14,294
Summer Missions	---	4,614
Total	<u>\$276,959</u>	<u>\$240,740</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, 2020 and 2019 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, 2020 and 2019 financial assets available for general expenditure within one year are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash	\$306,691	\$315,883
Account receivable	2,255	9,608
Donations receivable	<u>13,850</u>	<u>---</u>
Total financial assets	322,796	325,491
Less: temporarily restricted net assets at year end	<u>(68,210)</u>	<u>(17,195)</u>
Total liquid assets available for general expenditures	<u>\$254,586</u>	<u>\$308,296</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.

**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 \$3,092 and \$40,425 were in excess of insurance limits based on bank balances for the year ended December 31, 2020 and 2019 respectively. At times during the years ended December 31, 2020 and 2019 amounts did exceed insured limits. In addition, approximately 68% of 2020 and 64% of 2019 donations came from California sources. For the year ended December 31, 2019 one small business gave approximately 30% of total income.

**10. EVALUATION OF SUBSEQUENT EVENTS**

WorldHarvest has evaluated subsequent events through May 12, 2021, the date which the financial statements were available to be issued, and there is one subsequent event to report. On February 3<sup>rd</sup> of 2021 a second PPP loan was provided to WorldHarvest in the amount of \$33,300.