

HARVESTERS INTERNATIONAL MINISTRIES, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

December 31, 2015

HARVESTERS INTERNATIONAL MINISTRIES, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
Harvesters International Ministries, Inc.
Hilton Head Island, South Carolina

We have reviewed the accompanying statement of financial position of Harvesters International Ministries, Inc. (a non-profit corporation) as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Lighthouse Tax and Consulting LLC

February 15, 2016

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HARVESTERS INTERNATIONAL MINISTRIES, INC.
Statement of Financial Position
December 31, 2015

2015

ASSETS

Current assets

Cash and cash equivalents	\$509,410
Accounts receivable	\$115
Prepaid expenses	2,120
Total current assets	<u>511,645</u>

Fixed assets

Equipment	6,938
Less, accumulated depreciation	<u>(5,793)</u>
Total fixed assets	<u>1,145</u>

Total assets	<u><u>\$512,790</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	<u>\$3,889</u>
Total current liabilities	3,889

Net Assets

Unrestricted	12,343
Temporarily restricted	492,003
Permanently restricted	4,555
Total net assets	<u>508,901</u>

Total liabilities and net assets	<u><u>\$512,790</u></u>
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See accompanying notes and independent accountant's review report.

HARVESTERS INTERNATIONAL MINISTRIES, INC.
Statement of Activities
For The Year Ended December 31, 2015

		<u>2015</u>
<u>Unrestricted net assets</u>		
Unrestricted revenues and earnings		
Contributions		\$75,463
Net assets released from restrictions - satisfied by payments		<u>2,770,591</u>
Total unrestricted revenues, earnings, and other support		2,846,054
<u>Expenses</u>		
Programs services		
African and Asian ministries	2,599,231	
Support services		
Management and general	204,085	
Fundraising	<u>10,157</u>	<u>2,813,473</u>
Increase (decrease) in unrestricted net assets		32,581
<u>Temporary restricted net assets</u>		
Contributions	2,724,005	
Less: net assets released from restrictions - satisfied by payments	<u>2,770,591</u>	<u>(46,586)</u>
Increase (decrease) in unrestricted and temporary restricted net assets		(14,005)
<u>Permanently restricted net assets: No change</u>		
Increase (decrease) in net assets		(14,005)
Net assets at beginning of year		<u>522,906</u>
Net assets at end of year		<u><u>\$508,901</u></u>

See accompanying notes and independent accountant's review report.

HARVESTERS INTERNATIONAL MINISTRIES, INC.Statement of Functional Expenses
For The Year Ended December 31, 2015

	Program Services	Support Services		
	African and Asian Services	Management and General	Fundraising	Total
Salaries and reimbursements - see note 2				
Director		\$44,597		\$44,597
Others	2,056	118,693		120,749
Newsletters, donor relations, and promotions			\$10,157	10,157
Other management and general expenses		17,609		17,609
Grant to other organizations	\$2,419,410			2,419,410
Mission trips	177,765			177,765
Travel expenses		3,706		3,706
Non-personnel expenses		19,480		19,480
Total functional expenses	\$2,599,231	\$204,085	\$10,157	\$2,813,473

See accompanying notes and independent accountant's review report.

HARVESTERS INTERNATIONAL MINISTRIES, INC.

Statement of Cash Flows

For The Year Ended December 31, 2015

	2015
<u>Cash flows from operating activities</u>	
Increase (decrease) in net assets	(\$14,005)
Adjustments to reconcile net assets to net cash provided by operating activities:	
Increase in accounts receivable	(115)
Depreciation expense	896
Increase in accounts payable	829
Net cash provided by (used in) operating activities	(12,395)
<u>Cash flows from investing activities</u>	
Purchase of equipment	0
Net cash provided (used) by investing activities	0
<u>Cash flows from financing activities</u>	
Net cash provided by financing activities	0
Net increase (decrease) in cash and cash equivalents	(12,395)
Cash and cash equivalents, beginning of the period	521,805
Cash and cash equivalents, end of the period	\$509,410

See accompanying notes and independent accountant's review report.

Harvesters International Ministries, Inc.

Notes to Financial Statements

December 31, 2015

Note 1 – Nature of activities and significant accounting policies:Nature of activities

The purpose of Harvesters International Ministries, Inc. (the “Ministry”) is to participate in the Great Commission by encouraging and assisting national missionary initiative. Geographically, the Ministry has focused its resources in the continent of Africa and Asia with partners in D.R. Congo, India, Kenya, Myanmar, Pakistan, China, Russia, Rwanda, South Sudan and Uganda.

The Ministry was formally established as Harvesters Evangelistic Association as an IRS Section 501 (c) (3) charitable organization in 1966. In July 2009, the Ministry received approval from the IRS for a new South Carolina 501(c) (3) organization in the name of Harvesters International Ministries, Inc. The new charter was approved retroactive to March 18, 2008.

Services provided by the Ministry in Africa and Asia include:

- (1) Evangelism and church planting
- (2) Training, conferences, and leadership development
- (3) Orphan care and education
- (4) Water well drilling
- (5) Women’s empowerment
- (6) Medical outreach

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Account receivable

Accounts receivables are recorded net of an allowance for uncollectible accounts. The Ministry believes that all accounts receivable are collectible and that no allowance for doubtful accounts is required as of December 31, 2015.

Harvesters International Ministries, Inc.

Notes to Financial Statements

December 31, 2015

Note 1 – Nature of activities and significant accounting policies (continued)Reporting entity

The Ministry is governed by a board of directors which currently consists of nine directors. The Ministry has financial accountability and control over the activities related to the organization's purposes. The Ministry and its directors are independent of any other organization.

Support and revenue (contributions)

The Ministry receives funding from churches, foundations, and individuals throughout the United States. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

At December 31, 2015, permanently restricted net assets were comprised of the balance of \$4,555 received as endowment funds. Under the terms of the contribution, the Ministry may use 5% of the fund annually for any purpose to be determined by the Ministry.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the financial statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Management's review of subsequent events

Management has evaluated subsequent events through February 15, 2016, the date on which the financial statements were available to be issued.

Harvesters International Ministries, Inc.

Notes to Financial Statements

December 31, 2015

Note 1 – Nature of activities and significant accounting policies (continued)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 and equipment

The Ministry capitalizes property and equipment used in the administration of the ministry. Purchased property and equipment are capitalized at cost. As of the date of these financial statements, the Ministry has not recognized as an asset any property or equipment received as a donation. Property and equipment are depreciated using an accelerated method.

Income taxes

The Ministry is formally established as Harvesters International Ministries, Inc. and is recognized by the Internal Revenue Service as an IRC Section 501(c) (3) tax exempt organization. Therefore, the Ministry has made no provision for federal income taxes in the accompanying financial statements. In addition, there was no unrelated business income for the year ended December 31, 2015.

Cash and cash equivalents

For purposes of the statement of cash flows, the Ministry considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Ministry maintains its cash in bank deposits accounts that occasionally exceed the Federal Depository Insurance Corporation (FDIC) limits of \$250,000. As of December 31, 2015, the Ministry had one account that exceeded the FDIC limit as a result of year end giving volume.

Harvesters International Ministries, Inc.

Notes to Financial Statements

December 31, 2015

Note 2 – Designated contributions received

Contributions received are generally designated for a specific ministry purpose within Harvesters International. Such funding is generally expended soon after the receipt of the funding on the designated ministry purpose. Designated contributions include amounts received for 100% of the amounts paid as salaries of the Directors and the other personnel, including those involved in fund-raising. In addition, all travel costs of teams from the United States involved in short-term ministry in Africa and Asia are paid from contributions designated for such teams.

Note 3 – Construction projects

In addition to other outreach efforts, the Ministry contributes to various construction projects of the African and Asian communities that it sponsors. During 2015, these projects included:

- Church completion in Pakistan
- Home for Congolese street children
- Installation of 1 well in Rwanda and 35 in Kenya

As the construction projects are owned by the local African and Asian communities, the Ministry does not have any ownership interest in the projects. Therefore, the costs are not included in program services expenses.

Note 4 – Fundraising services

The Ministry does not use the services of any professional fundraising organization. Periodically, the organization board members, its staff, and friends of the Ministry present the needs of the Ministry to its supporters. However, no salaries are allocated to the fundraising category. The expenses related to fundraising in the accompanying financial statements include the expenses for printed materials, including newsletters and the related costs of postage, and the expenses of donor relations.