

Canvasback Missions, Inc.  
(An Oregon Nonprofit Corporation)  
Financial Statements  
For the Years Ended  
December 31, 2014 and 2013

Canvasback Missions, Inc.

Table of Contents

Independent Auditor's Report	1
Statement of Financial Position	2 -- 3
Statement of Activities	4
Statement of Cash Flow	5
Notes to the Financial Statements	6 – 7



# JAMES M. McVEIGH & ASSOCIATES, INC.

A PROFESSIONAL ACCOUNTANCY CORPORATION

## Independent Auditor's Report

To the Board of Directors of Canvasback Missions, Inc.

We have audited the accompanying financial statements of Canvasback Missions (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities 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 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 Canvasback Missions as of December 31, 2014 and 2013, 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.

James M. McVeigh  
Certified Public Accountant

James M. McVeigh & Associates, Inc.  
A Professional Accountancy Corporation  
Benicia, California

August 29, 2015

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Canvasback Missions Inc.  
Statement of Financial Position  
As of December 31,

<b>Assets</b>		<b>2014</b>	<b><u>2013</u></b>
Current Assets:			
Cash and Cash Equivalents	\$	114,074	\$ 79,002
Auction Inventory/In Kind		<u>20,919</u>	<u>60,169</u>
Total Current Assets	\$	<u>134,993</u>	\$ <u>139,171</u>
Property and Equipment (at cost)			
Furniture, Land and Equipment		143,154	141,541
Less: Accumulated Depreciation		<u>(106,209)</u>	<u>(99,021)</u>
Net Property and Equipment	\$	36,945	\$ 42,520
Investments:			
Gift/Unitrust Annuities (Note 6)	\$	189,268	\$ 217,980
Other Investments		<u>50,367</u>	<u>63,760</u>
Total Investments	\$	<u>239,635</u>	\$ <u>281,740</u>
Total Assets	\$	<u><u>411,573</u></u>	\$ <u><u>500,845</u></u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements

Canvasback Missions Inc.  
Statement of Financial Position  
As of December 31,

**Liabilities and Net Assets**

	<u>2014</u>	<u>2013</u>
Current Liabilities:		
Accounts Payable	\$ 1,669	321
Accrued Liabilities	<u>7,890</u>	<u>11,746</u>
Total Current Liabilities	\$ 9,559	\$ 12,067
Long Term Liabilities:		
Total Long Term Liabilities	\$ <u>0</u>	\$ <u>0</u>
Total Liabilities	\$ <u>9,559</u>	\$ <u>12,067</u>
Net Assets:		
Unrestricted	\$ 157,954	\$ 256,312
Temporarily Restricted	244,060	232,466
Permanently Restricted	<u>0</u>	<u>0</u>
Total Net Assets	\$ <u>402,014</u>	\$ <u>488,778</u>
Total Liabilities and Net Assets	\$ <u><u>411,573</u></u>	\$ <u><u>500,845</u></u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements

Canvasback Missions Inc.  
Statement of Activities  
For the Years Ended  
As of December

	Unrestricted	Temporarily <u>Restricted</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Support, Revenues, and Other Income:				
Donations Direct	\$ 387,220	0	387,220	481,001
In Kind Donations	781,253	0	781,253	618,511
Interest/Dividends Income	1,981	0	1,981	2,161
Grants	0	404,504	404,504	453,008
Uni - Trust Income	0	13,003	13,003	9,790
Gift Annuity Income	0	0	0	7,036
Diabetes Wellness Meals Program	141,338	0	141,338	123,934
Gain (Loss) on Sale of Assets (Note 8)	(48)	0	(48)	3,491
Other Income (Loss)	0	0	0	(1,300)
Total Support, Revenues, and Reclassifications	\$ 1,311,744	417,507	1,729,251	1,697,632
Expenses:				
Program Services:				
Uni - Trust/Gift Annuity Interest	\$ 0	9,796	9,796	\$ 10,574
Medical Supplies	810,344	0	810,344	550,411
Travel	247,003	0	247,003	206,972
Promotion	4,073	0	4,073	3,987
Salaries	177,547	0	177,547	201,033
Depreciation & Amortization	7,770	0	7,770	17,976
Payroll & Miscellaneous Taxes	13,860	0	13,860	14,000
Diabetes Program	0	388,317	388,317	402,419
Miscellaneous	10,397	450	10,847	10,136
Total Program Services	\$ 1,270,994	398,563	1,669,557	1,417,508
Administrative Services:				
Bank & Finance Charges	\$ 13,251		13,251	11,107
Dues & Subscriptions	5,403		5,403	4,357
Occupancy	19,628		19,628	22,791
Auto Expense	16,481		16,481	22,938
Legal & Professional Fees	6,797	7,350	14,147	6,910
Office Expense	30,478		30,478	33,680
Conventions & Travel	17,497		17,497	8,064
Salaries & Taxes - Admin.	23,527		23,527	37,042
Total Administration Miscellaneous	\$ 133,062	7,350	140,412	146,889
Total Program and Admin. Expenses	\$ 1,404,056	405,913	1,809,969	1,564,397
Change in Net Assets	\$ (92,312)	11,594	(80,718)	133,235
Adjustment	(6,046)		(6,046)	(5,472)
Net Assets as of beginning of year	256,312	232,466	488,778	361,015
Net Assets as of end of year	\$ 157,954	244,060	402,014	488,778

See Accompanying Independent Auditor's Report and Notes to Financial Statements

Canvasback Missions Inc.  
Statement of Cash Flows  
As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Operating Activities</b>		
Change in Net Assets	\$ (80,718)	\$ 133,234
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,770	17,976
In Kind Donations Received	(781,253)	(618,511)
In Kind Donations - Used	814,842	555,396
Disposition of Assets	6,719	(3,490)
(Increase) Decrease in:		
In Kind Assets	35,000	28,973
Increase (Decrease) in:		
Current Assets - (non-cash)	0	0
Current Liabilities	<u>(2,507)</u>	<u>(2,079)</u>
Net cash provided by operating activities	\$ <u>(147)</u>	<u>111,499</u>
<b>Cash Flows from Investing Activities:</b>		
Acquisition Property & Equipment	(2,195)	(36,384)
(Increase) Decrease in Long Term Investment	<u>0</u>	<u>12,555</u>
Net cash provided by (used by) investing activities	\$ (2,195)	\$ (23,829)
<b>Cash Flows from Financing Activities:</b>		
Funding (decrease) from Long-Term Debt (Net)	<u>0</u>	\$ <u>(13,489)</u>
Net cash provided by (used by) financing activities	\$ <u>0</u>	\$ <u>(13,489)</u>
Net increase in cash and cash equivalents	\$ (2,342)	\$ 74,181
Cash and Cash Equivalents as of Beginning of Year	116,416	42,235
Cash and Cash Equivalents as of End of Year	<u>\$ 114,074</u>	<u>\$ 116,416</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements

Canvasback Missions, Inc.  
Notes to Financial Statements  
December 31, 2014 and 2013

Note 1 - Organization

Canvasback Missions, Inc. was organized as a nonprofit corporation on August 5, 1982 in the state of Oregon. Its primary activities are to provide medical and dental treatment; training in medical procedures and equipment; diabetes and diet awareness programs; youth ministries and diet education endeavors, primarily in the Republic of the Marshall Islands. The organization has received grants to fund this program. Its headquarters is located in Benicia, California.

Note 2 - Summary of Significant Accounting Policies – Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles; consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred. For external financial statement reporting purposes the organization follows generally accepted accounting principles which require presentation of unrestricted, temporarily restricted and permanently restricted net assets and the change in net assets in total and within these three classes of net assets. The organization has no permanently restricted net assets. Temporarily restricted net assets include those assets which are restricted for a specific purpose for a period of time or until the expenditures of the program are fully expensed. See Notes 6 and 7 for Temporarily Restricted Assets.

Cash and Cash Equivalents

For purposes of the Statement of Financial Position and the Statement of Cash Flows, the organization considers all short-term investment (money market and savings) to be cash.

Other Investments

The organization invests in mutual funds with a balance of \$50,367 and income producing funds to supplement income and as a reserve for operating expenses. The funds are unrestricted.

Note 3 - Contributions

All contributions, whether In Kind or cash, are recognized in income. Fair market values are determined using valuation publications and guidelines established by the organization and using U.S. Treasury Regulations established for estimating value of donations under IRC Section 501c(3). For in kind donations of medical supplies valuations used are based on medicare cost guidelines.

Note 4 - 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.

See Accompanying Independent Auditor's Report



Note 5 - Land, Property and Equipment

Canvasback Missions, Inc. follows the practice of capitalizing, at cost, all expenditures for fixed assets, when appropriate. Land, property and equipment are stated at their original cost, plus the cost of capital improvements made on the assets, less accumulated depreciation. Buildings and improvements are depreciated over a 25 to 40 year period using the straight-line method. Depreciation on other assets is also computed using a combination of straight-line and accelerated methods, based on their estimated useful lives, land improvements (10-15 years), vehicles and equipment (5-7 years).

Property and Equipment (at cost)

Bldg., Furniture, Equip. & Land	\$ 143,154	\$ 141,541
Less Accumulated Depreciation	<u>(106,209)</u>	<u>(99,021)</u>
Net Property, Equipment and Land	<u>\$ 36,945</u>	<u>\$ 42,520</u>

Note 6 – Gift Trust/Unitrust Annuities

The organization has established gift and unitrust annuity plans whereby the donors contribute assets to the organization in exchange for lifetime fixed percentage payments, based on the difference between the amounts provided for the gift annuity and the liability for future payments determined by use of conservative uniform gift annuity rates. The unitrust funds may vary due to market trends of the underlying investments. The unitrust and gift annuities, Canvasback Missions acting as trustee, consist of Marketable Investments and Equity Securities as follows:

	<u>Unitrust/Gift Annuities</u>	
	<u>2014</u>	<u>2013</u>
Gift/Unitrust - Fair Market Value	\$ 157,573	\$ 139,683
Investment (Cost)	<u>162,877</u>	<u>(160,494)</u>
Unrealized Gain (Loss)	<u>\$ (5,304)</u>	<u>\$ (20,811)</u>

Gift Annuities established with outside trustee:

Canvasback is the beneficiary of these remainder gift annuities established with outside trustees. The present value as determined by trustees for benefit of the organization.

Western Adventist & Pacific Union Conference	<u>Value 12/31/14</u>	<u>P.V. to Annuitant</u>	<u>Deferred Income</u>
	\$ 28,913	\$ 26,391	(\$18,853)

See Accompanying Independent Auditor's Report

Note 7 – Canvasback has continued the Diabetes Wellness Program with funding from the Marshall Islands. The annual program is based on reimbursement of costs incurred by Canvasback Missions for qualifying diabetes treatment. The criteria for value of medical supplies and services rendered by Canvasback are based on rates established by Medicare and used as criteria for reimbursement. In addition, grants are issued to fund certain projects and hospitals in the Marshall Islands.

Grants and Reimbursed Expenditures:	<u>2014</u>	<u>2013</u>
World Diabetes Foundation	\$ 35,000	\$ 135,000
RMI Ministry of Health	165,104	142,500
Ebeye Special Needs	81,900	99,200
Kwajalein Diabetes Coalition	9,000	6,000
RMI Diabetes Wellness Program	<u>113,500</u>	<u>70,308</u>
Total Grants	\$ <u>404,504</u>	\$ <u>453,008</u>

Canvasback entered into a project partnership agreement with the World Diabetes Foundation, Denmark. The agreement is for a grant of \$250,000, to be utilized by June 2014. There are no federal government grants at this time.

#### Note 8 - Income Tax

Canvasback Missions is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and therefore has made no provision for income taxes in the accompanying financial statements. There was no unrelated business income for 2014 and 2013.

Note 9 – Canvasback Missions was named as a party in a lawsuit. The case was dismissed August 2013. Management has evaluated events thru August 29, 2015, the date on which the financial statements were available to be issued.

See Accompanying Independent Auditor's Report