

Canvasback Missions, Inc.
(An Oregon Nonprofit Corporation)
Financial Statements
For the Years Ended
December 31, 2015 and 2014

Canvasback Missions, Inc.

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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, 2015 and 2014, 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, 2015 and 2014, 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

September 28, 2016

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

Assets

		<u>2015</u>		<u>2014</u>
Current Assets:				
Cash and Cash Equivalents	\$	76,202	\$	114,074
Cash Restricted		52,996		0
Auction Inventory/In Kind		<u>21,419</u>		<u>20,919</u>
Total Current Assets	\$	<u>150,617</u>	\$	<u>134,993</u>
Property and Equipment (at cost)				
Furniture, Land and Equipment		140,292		143,154
Less: Accumulated Depreciation		<u>(104,599)</u>		<u>(106,209)</u>
Net Property and Equipment	\$	35,693	\$	36,945
Investments:				
Gift/Unitrust Annuities (Note 6)	\$	158,769	\$	189,268
Other Investments		<u>55,428</u>		<u>50,367</u>
Total Investments	\$	<u>214,197</u>	\$	<u>239,635</u>
Total Assets	\$	<u><u>400,507</u></u>	\$	<u><u>411,573</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>2015</u>	<u>2014</u>
Current Liabilities:		
Accounts Payable	\$ 6,830	1,669
Accrued Liabilities	<u>9,618</u>	<u>7,890</u>
Total Current Liabilities	\$ 16,448	\$ 9,559
Long Term Liabilities:		
Total Long Term Liabilities	\$ <u>0</u>	\$ <u>0</u>
Total Liabilities	\$ <u>16,448</u>	\$ <u>9,559</u>
Net Assets:		
Unrestricted	\$ 211,765	\$ 157,954
Temporarily Restricted	172,294	244,060
Permanently Restricted	<u>0</u>	<u>0</u>
Total Net Assets	\$ <u>384,059</u>	\$ <u>402,014</u>
Total Liabilities and Net Assets	<u>\$ 400,507</u>	<u>\$ 411,573</u>

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

Canvasback Missions Inc.
Statement of Activities
For the Years Ended

	Unrestricted 12/31/2015	Temporarily Restricted 12/31/2015	TOTAL 12/31/2015	Unrestricted 12/31/2014	Temporarily Restricted 12/31/2014	TOTAL 12/31/2014
Donations Direct	\$ 427,853	\$ -	\$ 427,853	\$ 387,220	\$ -	\$ 387,220
in Kind Donations	750,144	-	750,144	781,253	-	781,253
Interest/Dividends Income	237	-	237	1,981	-	1,981
Grants	-	387,490	387,490	-	404,504	404,504
Uni - Trust Income	-	8,195	8,195	-	13,003	13,003
Diabetes Wellness Meals Program	161,358	-	161,358	141,338	-	141,338
Gain (Loss) on Sale of Assets (Note 8)	(23,044)	-	(23,044)	(48)	-	(48)
Other Income (Loss)	(8,932)	-	(8,932)	-	-	-
Total Support, Revenues & Reclassifications	\$ 1,307,616	\$ 375,685	\$ 1,683,301	\$ 1,311,744	\$ 417,507	\$ 1,729,251
Program Services:						
Uni - Trust/Gift Annuity Interest	\$ -	\$ 8,909	\$ 8,909	\$ -	\$ 9,796	\$ 9,796
Medical Supplies	773,166	-	773,166	810,344	-	810,344
Travel/Lodging	249,811	-	249,811	247,003	-	247,003
Promotion	4,204	-	4,204	4,073	-	4,073
Salaries	175,085	-	175,085	177,547	-	177,547
Depreciation & Amolrtization	5,442	-	5,442	7,770	-	7,770
Payroll & Miscellaneous Taxes	15,189	-	15,189	13,860	-	13,860
Diabetes Program	-	316,846	316,846	-	388,317	388,317
Miscellaneous	8,946	-	8,946	10,397	450	10,847
Total Program Services	\$ 1,231,843	\$ 327,755	\$ 1,559,598	\$ 1,270,994	\$ 398,563	\$ 1,669,557
Administrative Services:						
Legal & Professional Fees	\$ 3,404	\$ -	\$ 3,404	\$ 6,797	\$ 7,350	\$ 14,147
Administrative Expense	96,202	-	96,202	85,241	-	85,241
Conventions & Travel	6,018	-	6,018	17,497	-	17,497
Benefits - Admin. Salaries	30,547	-	30,547	23,527	-	23,527
Total Admin. - Misc	138,171	-	138,171	133,062	7,350	140,412
Total Program & Admin. Exp.	\$ 1,370,014	\$ 327,755	\$ 1,697,769	\$ 1,404,056	\$ 405,913	\$ 1,809,969
Change in Net Assets	\$ (62,398)	\$ 47,930	\$ (14,468)	\$ (92,312)	\$ 11,594	\$ (80,718)
Net Assets Released from Restrictions	\$ 80,225	\$ (80,225)	\$ -	\$ -	\$ -	\$ -
Adjustment	(3,487)	-	(3,487)	(6,046)	-	(6,046)
Net Assets as of beginning of year	157,954	244,060	402,014	256,312	232,466	488,778
Net Assets as of end of year	\$ 172,294	\$ 211,765	\$ 384,059	\$ 157,954	\$ 244,060	\$ 402,014

The accompanying notes are an integral part of these financial statements

Canvasback Missions Inc.
Statement of Cash Flows
As of December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Activities		
Change in Net Assets	\$ (14,468)	\$ (80,718)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,442	7,770
In Kind Donations Received	(750,144)	(781,253)
In Kind Donations - Used	745,593	814,842
Disposition of Assets	2,897	6,719
(Increase) Decrease in:		
In Kind Assets	(12,468)	35,000
Gain/Loss of Sale of Assets		
Other Loss	10,636	0
Increase (Decrease) in:		
Current Assets - (non-cash)	(500)	0
Current Liabilities	<u>6,889</u>	<u>(2,507)</u>
Net cash provided by operating activities	<u>\$ (6,123)</u>	<u>(147)</u>
Cash Flows from Investing Activities:		
Acquisition Property & Equipment	(4,191)	(2,195)
(Increase) Decrease in Long Term Investment	<u>25,438</u>	<u>0</u>
Net cash provided by (used by) investing activities	<u>\$ 21,247</u>	<u>\$ (2,195)</u>
Cash Flows from Financing Activities:		
Funding (decrease) from Long-Term Debt (Net)	<u>0</u>	<u>\$ 0</u>
Net cash provided by (used by) financing activities	<u>\$ 0</u>	<u>\$ 0</u>
Net increase in cash and cash equivalents	\$ 15,124	\$ (2,342)
Cash and Cash Equivalents as of Beginning of Year	114,074	116,416
Cash and Cash Equivalents as of End of Year	<u>\$ 129,198</u>	<u>\$ 114,074</u>

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

Canvasback Missions, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

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. It is exempt from Federal and State taxation under the provisions of Section 501(C)(3) of the Internal Revenue Code.

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

The significant accounting policies of the organization are to prepare 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 \$55,428 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.

The organization reports gifts of land and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

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.

Note 5 – Concentration of Credit Risk

Financial instruments which potentially subject the organization to concentrations of credit risk consist principally of cash and investments. The investments are not insured by FDIC and are subject to market fluctuations.

Note 6 - 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)	<u>2015</u>	<u>2014</u>
Bldg., Furniture, Equip. & Land	\$ 140,293	\$ 143,1541
Less Accumulated Depreciation	<u>(104,599)</u>	<u>(106,209)</u>
Net Property, Equipment and Land	\$ <u>35,694</u>	\$ <u>36,945</u>

Note 7 – Gift Trust/Unitrust Annuities

The organization has established unitrust annuity plans whereby the donors contribute assets to the organization in exchange for lifetime fixed percentage payments. The unitrust funds may vary due to market trends of the underlying investments. In addition, the organization has gift annuities 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 annuities with Canvasback Missions acting as trustee, consist of Marketable Investments and Equity Securities as follows are all recorded at cost:

	<u>Unitrust/ Annuities</u>		<u>Investments</u>		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
Fair Market Value	\$ 125,875	157,573	Fair Market Value	\$ 56,726	42,817
Cost	<u>(135,517)</u>	<u>(162,877)</u>	Cost	<u>(55,428)</u>	<u>(50,367)</u>
Unrealized Gain (Loss)	\$ <u>(9,642)</u>	<u>(5,304)</u>	Unrealized Gain (Loss)	\$ <u>1,298</u>	<u>(7,550)</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 12/31/15</u>	<u>P.V. to Annuitant</u>	<u>Deferred Income</u>
	\$ 28,233	\$ 22,994	\$ 536

Note 8 – Grants/Restricted Income

Canvasback has continued the Diabetes Wellness Program with funding from the Marshall Islands thru the Ministry of Health. The annual program is based on reimbursement of costs incurred by Canvasback Missions for qualifying diabetes treatment. The criteria for reimbursement used for value of medical supplies and services rendered 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>2015</u>	<u>2014</u>
Federated State of Micronesia	\$ 30,000	\$ 0
Republic of Palau	57,890	0
World Diabetes Foundation	0	35,000
RMI Ministry of Health	138,500	165,104
Ebeye Special Needs	41,100	81,900
Kwajalein Diabetes Coalition	0	9,000
RMI Diabetes Wellness Program	<u>100,000</u>	<u>113,500</u>
Total Grants	\$ <u>367,490</u>	\$ <u>404,504</u>

Note 9 – Canvasback Wellness (RMI) Inc.

Canvasback Wellness (RMI) Inc. is a separate organization in the Marshall Islands independent of Canvasback Missions, Inc., to attract local grants for projects that enhance the Diabetes Wellness Program, such as the buildings on the islands where the Wellness Programs are conducted. Grants are only awarded to local organizations in the Marshall Islands.

Note 10 - 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 2015 and 2014.

Note 11 – Subsequent Events

Subsequent events have been evaluated through September 28, 2016, the date of the financial statements, and no contingent liabilities exist.