Canvasback Missions, Inc.
(An Oregon Nonprofit Corporation)
Financial Statements
For the Years Ended
December 31, 2017 and 2016

Canvasback Missions, Inc.

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JAMES M. McVEIGH & ASSOCIATES, INC.

A PROFESSIONAL ACCOUNTANCY COPRPORATION

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, 2017 and 2016, 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 audition 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, 2017 and 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the World Diabetes Foundation grant as summarized on Statement of Activities and detailed on World Diabetes Foundation Grant Schedule 1. It is presented for the purpose of satisfying specific grant disclosure, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

James M. McVeigh
Certified Public Accountant

James M. McVeigh & Associates, Inc.
A Professional Accountancy Corporation
Benicia, California October 22, 2018

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

Assets

		2017		2016
Current Assets:				
Cash and Cash Equivalents	$	59,528	$	20,286
Cash Resticted		76,575		73,556
Auction Inventory/In Kind		34,472		25,819
Total Current Assets	$	170,575	$	119,661
Property and Equipment (at cost)				
Furniture, Land and Equipment		180,946		153,787
Less: Accumulated Depreciation		(113,075)		(109,431)
Net Property and Equipment	$	67,686	$	44,356
Investments:				
Gift/Unitrust Annuities (Note 7)	$	114,944	$	129,256
Other Investments		-		18,721
Total Investments	$	114,944	$	147,977
Total Assets	$	353,390	$	311,994

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

	2017	2016
Current Liabilities:		
Accounts Payable	$ 1,720	1,798
Accrued Liabilities	8,812	719
Total Current Liabilities	$ 10,532	$ 2,517
Long Term Liabilities:		
Total Long Term Liabilities	$ 0	$ 0
Total Liabilities	$ 10,532	$ 2,517
Net Assets:		
Unrestricted	$ 186,334	$ 126,993
Temporarily Restricted	156,524	182,484
Permanently Restricted	0	0
Total Net Assets	$ 342,858	$ 309,477
Total Liabilities and Net Assets	$ 353,390	$ 311,994

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

Canvasback Missions Inc.
Statement of Activities
For the Years Ended

	Unrestricted 12/31/2017	Temporarily Restricted 12/31/2017	TOTAL 12/31/2017	Unrestricted 12/31/2016	Temporarily Restricted 12/31/2016	TOTAL 12/31/2016
Donations Direct	$ 367,216	$ -	$ 367,216	$ 361,101	$	$ 361,101
In Kind Donations	878,163	-	878,163	993,598		993,598
Interest/Dividends Income	6,852	850	7,702	238		238
Grants	-	470,520	511,321	-	376,541	376,541
WDF Grant (Schedule 1) - See Notes		40,801				
Uni - Trust Income	-	-	-	-	4,042	4,042
Diabetes Wellness Meals Program	-	126,793	126,793	152,333		152,333
Gain (Loss) on Sale of Assets (Note 7)	838	-	838	5,194	(9,726)	(4,532)
Other Income (Loss)	29,022	-	29,022	-		
Total Support, Revenues & Reclassifications	$ 1,282,091	$ 638,964	$ 1,921,055	$ 1,512,464	$ 370,857	$ 1,883,321
Program Services:						
Uni - Trust/Gift Annuity Interest	$ -	$ 850	$ 850	$ -	$ 4,798	$ 4,798
Medical Supplies	826,715	38,039	864,754	1,019,502		1,019,502
Travel/Lodging	-	289,101	289,101	237,387		237,387
Promotion	14,624	-	14,624	15,208		15,208
Salaries	232,213	-	232,213	168,352		168,352
Depreciation & Amolrtization	14,422	-	14,422	4,832		4,832
Payroll & Miscellaneous Taxes	22,015		22,015	19,270		19,270
Diabetes Program	-	297,333	297,333	-	319,896	319,896
WDF Expenses (Schedule 1) - See Notes		40,801	40,801			
Miscellaneous	16,846	-	16,846	5,727	8,942	14,669
Total Program Services	$ 1,126,835	$ 666,124	$ 1,792,959	$ 1,470,278	$ 333,636	$ 1,803,914
Administrative Services:						
Legal & Professional Fees	$ -	$ -	$ -	$ 5,560	$	$ 5,560
Administrative Expense	95,915	-	95,915	90,179		90,179
Conventions & Travel	-	-	-	8,809		8,809
Administrative Salaries	-	-	-	29,886		29,886
Total Admin. - Misc	$ 95,915	$ -	$ 95,915	$ 134,434	$	$ 134,434
Total Program & Admin. Exp.	1,222,750	666,124	1,888,874	1,604,712	333,636	1,938,348
Change in Net Assets	$ 59,341	$ (27,160)	32,181	$ (92,248)	$ 37,221	$ (55,027)
Net Assets Released from Restrictions	$ -	$ -	$ -	$ 46,947	$ (46,947)	$ -
Adjustment - Note 11	-	1,200	1,200	-	(19,555)	(19,555)
Net Assets as of beginning of year	126,993	182,484	309,477	172,294	211,765	384,059
Net Assets as of end of year	$ 186,334	$ 156,524	$ 342,858	$ 126,993	$ 182,484	$ 309,477

The accompanying notes are an integral part of these financial statements

Canvasback Missions Inc.
Statement of Functional Expenses
Years Ended December 31, 2017 & 2016

	2017				2016			
	Program Services		Supporting Services		Program Services		Supporting Services	
	Diabetes Wellness Pgm.	Grant Expenses	Management and General	Total	Diabetes Wellness Pgm.	Grant Expenses	Management and General	Total
Compensation and RelatedEexpenses								
Compensation								
Full-time	$ 63,553	$ -	$	$ 63,553	$ 168,352	$ 91,210	$ -	$ 259,562
Non-employee	2,642	-		2,642	29,886	7,961	-	37,847
Payroll taxes	7,260	-		7,260	14,921	9,066	-	23,987
Employee benefits	-	-		-	-	-	-	-
Medical Supplies	826,715	38,039		864,754	1,019,502			1,019,502
Travel/Lodging	-	308,234		308,234	248,142	30,747	-	278,889
Depreciation/Amortization	14,422	-		14,422	4,832	-	-	4,832
Taxes & Licenses	-	-		-	4,349	-	-	4,349
Demonstration Kitchen	-	136,035		136,035	-	125,041	-	125,041
Equipment & Repairs	-	-		-	12,918	1,979	1,195	16,092
Conventions	-	-		-	2,591	-	-	2,591
Meetings/Dues	-	-		-	6,552	-	-	6,552
Program Expense	-	23,148		23,148	8,943	8,256	-	17,199
Occupancy	-	-		-	-	-	15,975	15,975
Printing	-	-		-	7,850	-	-	7,850
Postage	-	-		-	4,725	-	-	4,725
Interest	-	850		850	4,798	-	-	4,798
Promotion	2,240	-		2,240	15,208	541	-	15,749
World Diabetes	-	40,801		40,801	-	-	-	-
Kitchen	-	6,331		6,331	-	10,873	-	10,873
Building	-	4,723		4,723	-	1,986	-	1,986
Garden	-	6,552		6,552	-	4,583	-	4,583
Office - Majuro	-	23,238		23,238	-	25,380	-	25,380
Office - Benicia	-	2,478		2,478	-	2,273	27,611	29,884
Insurance	-	-		-	-	-	160	160
Professional Fees	-	-		-	5,560	-	1,223	6,783
Bank Fees	-	-		-	9,390	-	-	9,390
Other	-	5,685		5,685	3,769	-	-	3,769
	$ 916,832	$ 596,114	$ -	$ 1,512,946	$ 1,572,288	$ 319,896	$ 46,164	$ 1,938,348

See accompanying notes

Canvasback Missions Inc.
Statement of Cash Flows
As of December 31

	2017	2016
Operating Activities		
Change in Net Assets	$ 32,181	$ (55,027)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,422	4,832
In Kind Donations Received	(878,163)	(993,598)
In Kind Donations - Used	867,577	1,019,388
Disposition of Assets	0	0
(Increase) Decrease in:		
In Kind Assets	(8,653)	(4,400)
(Gain)Loss of Sale of Assets	1,008	4,532
Other Loss	0	0
Increase (Decrease) in:		
Current Assets - (non-cash)	0	0
Current Liabilities (decrease)	8,015	(13,932)
Net cash provided by operating activities	$ 36,387	(38,205)
Cash Flows from Investing Activities:		
Acquistion Property & Equipment	(27,159)	(13,495)
(Increase) Decrease in Long Term Investment	33,033	16,344
Net cash provided by (used by) investing activities	$ 5,874	$ 2,849
Cash Flows from Financing Activities:		
Funding (decrease) from Long-Term Debt (Net)	0	$ 0
Net cash provided by (used by) financing activities	$ 0	$ 0
Net increase in cash and cash equivalents	$ 42,261	$ (35,356)
Cash and Cash Equivalents as of Beginning of Year	93,842	129,198
Cash and Cash Equivalents as of End of Year	$ 136,103	$ 93,842

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

Canvasback Missions, Inc.
Grant Revenues and Expenditures
for Majuro Youth Lifetime Health Program - WDF.1418
for the Period January 1, 2017 to December 31, 2017
World Diabetes Foundation
Schedule 1

Grant Revenues (Partial Draw on Contract)		$ 41,000
Grant Expenditures	$ 3,133	
Salaries and Wages	7,829	
School Program Activities	14,356	
Holistic Health Campaign	381	
Supplies - Training	13,029	
Supplies - Office	114	
Equipment Purchases - Laptop	1,959	
Total Expenditures		$ 40,801
Net Excess Revenues (See footnote 12)		$ 199
Bank Accounts Utilized Ending Balance at December 31, 2017		
Bank Account - Guam WDF	$ 1,324	
Bank Account - Westamerica Bank WDF	1,389	
		$ 2,713
Less: Outside Funds Added		$ (483)
Less: Expenses Paid - Not Reimbursed by Grant Fund		(2,031)
Effective Grant Funds Cash Balance as of December 31, 2017 (See footnote 12)		$ 199

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

Canvasback Missions, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

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 is supported by public donations and receives 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 $14,718 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)	2017	2016
Bldg., Furniture, Equip. & Land	$ 180,946	$ 153,787
Less Accumulated Depreciation	(113,075)	(109,431)
Net Property, Equipment and Land	$ 67,871	$ 44,356

Note 7 – Gift Annuities

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. The remainder gift trust expired in 2016 as the contract reverted back to grantor, reducing the allocation of the gift annuities by $19,555 for 2016 from $23,190 to $3,635 at year end.

Western Adventist & Pacific Union Conference	Original Value	P.V. to Annuitant	Market Value
2017	$ 12,500	$ 3,231	$ 25
2016	$ 12,500	$ 3,635	$ 736
Total reduction		$ (404)	

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 related health care

Grants and Reimbursed Expenditures	2017	2016
Federated State of Micronesia	$ 0	$ 0
Republic of Palau	65,200	65,200
RMI Ministry of Health	119,621	119,621
Ebeye Special Needs	45,502	45,502
Miscellaneous	21,218	21,218
RMI Diabetes Wellness Program	125,000	125,000
Total Grants	$ 376,541	$ 376,541
World Diabetes	41,000	
Majuro – Yap Specialty Teams	$ 203,600	$ 638,114

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 2016 and 2015.

Note 11 -- The investment accounts at Merrill Lynch were sold and transferred to Ameriprise Investments. Cost basis correction to basis:

2017	2016
$ 1,207	$ 19,955

Note 12 – World Diabetes Foundation WDF-1418 Report on Supplementary Information – Supplementary information on Schedule 1 has been included in the audit. Certain additional procedures, including comparing and reconciling information to the underlying accounting and other records used to prepared the financial statements in accordance with auditing standards accepted in the United States were done to comply with a request from the World Diabetes Foundation of specific grant expenditures in the Republic of the Marshall Islands.

Note 13 - Subsequent Events

Subsequent events have been evaluated through October 22, 2018, the date of the financial statements, and no contingent liabilities exist.