

**CANVASBACK MISSIONS, INC. AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5 - 6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 15
SUPPLEMENTARY INFORMATION	
Consolidating Statements of Financial Position	16
Consolidating Statements of Activities	17
Consolidating Statements of Functional Expenses	18

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Canvasback Missions, Inc.

We have audited the accompanying consolidated financial statements of Canvasback Missions, Inc. (the "Organization"), including the consolidated entity, Canvasback Wellness (RMI), Inc., which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Canvasback Missions, Inc. and Affiliate as of December 31, 2019 and 2018, and the changes in their net assets and their 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, and functional expenses on pages 15 - 17, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

*Propp Britton Coniglio LLP*

January 5, 2021  
Roseville, California

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 113,142	\$ 103,196
Cash - restricted	48,195	24,549
Investments	70,058	51,738
Grant receivable	21,000	-
In-kind for sale inventory	15,665	5,000
	<u>268,060</u>	<u>184,483</u>
Other receivable	4,400	3,550
Property and equipment, net	117,118	142,238
	<u>121,518</u>	<u>145,788</u>
Total assets	<u>\$ 389,578</u>	<u>\$ 330,271</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 15,276	\$ 9,456
Due to related party	-	20,000
	<u>15,276</u>	<u>29,456</u>
Total liabilities	<u>15,276</u>	<u>29,456</u>
Net assets:		
Without donor restrictions	374,302	300,815
	<u>374,302</u>	<u>300,815</u>
Total net assets	<u>374,302</u>	<u>300,815</u>
Total liabilities and net assets	<u>\$ 389,578</u>	<u>\$ 330,271</u>

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

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2019 and 2018

	Year Ended December 31, 2019			Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Donations direct	\$ 548,577	\$ -	\$ 548,577	\$ 424,189	\$ -	\$ 424,189
In kind donations	3,203,371	-	3,203,371	1,093,723	-	1,093,723
Grants	1,416	526,843	528,259	55,000	349,341	404,341
World Diabetes Foundation grant	-	63,000	63,000	-	59,000	59,000
Diabetes Wellness Meals program	-	150,327	150,327	-	162,796	162,796
Interest/dividend income	4,207	-	4,207	5,696	-	5,696
Realized loss on investments	-	-	-	(6,137)	-	(6,137)
Unrealized gain (loss) on investments	14,122	-	14,122	(4,704)	-	(4,704)
Gain on sale of assets	7,795	-	7,795	2,804	-	2,804
Net assets released from restrictions	740,170	(740,170)	-	756,793	(756,793)	-
Total support and revenue	4,519,658	-	4,519,658	2,327,364	(185,656)	2,141,708
Expenses:						
Program services	4,159,174	-	4,159,174	1,985,412	-	1,985,412
General and administrative	173,392	-	173,392	148,243	-	148,243
Fundraising	113,605	-	113,605	69,714	-	69,714
Total expenses	4,446,171	-	4,446,171	2,203,369	-	2,203,369
Change in net assets	73,487	-	73,487	123,995	(185,656)	(61,661)
Net assets, beginning of year	300,815	-	300,815	176,820	185,656	362,476
Net assets, end of year	\$ 374,302	\$ -	\$ 374,302	\$ 300,815	\$ -	\$ 300,815

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

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2019 and 2018

	Program Services	General and Administrative	Fundraising	2019 Total
Payroll	\$ 139,336	\$ 55,734	\$ 37,156	\$ 232,226
Payroll taxes	11,554	4,622	3,081	19,257
Employee benefits	22,873	9,149	6,100	38,122
Medical supplies	3,221,506	-	-	3,221,506
Travel/lodging	348,277	5,621	2,896	356,794
Telephone and communications	5,456	2,182	1,455	9,093
Depreciation	32,281	-	-	32,281
Taxes and licenses	1,786	714	476	2,976
Stipends	-	565	-	565
Conventions	-	3,615	3,615	7,230
Meetings/dues	-	1,531	788	2,319
Occupancy	-	2,330	1,201	3,531
Printing	-	1,152	-	1,152
Office supplies	-	10,691	5,507	16,198
Postage	2,020	808	539	3,367
Promotion	-	43,609	43,609	87,218
Automotive repairs	13,643	5,457	3,638	22,738
Moral Welfare Rejuvenation	-	2,913	-	2,913
Repairs and maintenance	-	288	-	288
Diabetes and Wellness Project	295,370	-	-	295,370
Community Health Advancement	4,910	-	-	4,910
World Diabetes Foundation	33,781	-	-	33,781
Insurance	-	1,320	680	2,000
Storage unit	14,512	3,666	1,889	20,067
Professional fees	-	6,644	975	7,619
Bank fees	11,869	-	-	11,869
Other administrative costs	-	10,781	-	10,781
Total expenses	<u>\$ 4,159,174</u>	<u>\$ 173,392</u>	<u>\$ 113,605</u>	<u>\$ 4,446,171</u>

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

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

For the Years Ended December 31, 2019 and 2018

	Program Services	General and Administrative	Fundraising	2018 Total
Payroll	\$ 124,625	\$ 49,202	\$ 25,162	\$ 198,989
Payroll taxes	9,992	3,807	2,062	15,861
Employee benefits	20,856	7,945	4,304	33,105
Medical supplies	1,050,963	-	-	1,050,963
Travel/lodging	287,082	3,201	1,863	292,146
Telephone and communications	5,479	2,088	1,131	8,698
Depreciation	23,522	-	-	23,522
Taxes and licenses	1,875	714	387	2,976
Training	-	35	-	35
Stipends	-	230	-	230
Conventions	-	984	-	984
Meetings/dues	2,358	3,610	1,086	7,054
Occupancy	-	1,962	966	2,928
Printing	-	2,991	2,992	5,983
Office supplies	-	12,507	6,160	18,667
Postage	2,676	1,019	552	4,247
Promotion	-	22,548	19,724	42,272
Auction	-	-	450	450
Automotive repairs	9,354	3,563	1,931	14,848
Moral Welfare Rejuvenation	-	3,212	-	3,212
Repairs and maintenance	-	288	-	288
Diabetes and Wellness Project	345,387	-	-	345,387
Community Health Advancement	10,163	-	-	10,163
World Diabetes Foundation	57,211	-	-	57,211
Insurance	1,394	1,915	944	4,253
Storage unit	14,124	-	-	14,124
Professional fees	-	2,750	-	2,750
Tenant improvements	200	-	-	200
Dalan project	2,812	-	-	2,812
Bank fees	15,339	-	-	15,339
Other administrative costs	-	23,672	-	23,672
	<u>\$ 1,985,412</u>	<u>\$ 148,243</u>	<u>\$ 69,714</u>	<u>\$ 2,203,369</u>
Total expenses	<u>\$ 1,985,412</u>	<u>\$ 148,243</u>	<u>\$ 69,714</u>	<u>\$ 2,203,369</u>

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



CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 73,487	\$ (61,661)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	32,281	23,522
Net realized and unrealized (gains) losses on investments	(18,320)	8,460
Gain on sale of fixed assets	(7,795)	-
Change in operating assets and liabilities:		
Grant receivable	(21,000)	-
Other receivable	(850)	(3,550)
Inventory	(10,665)	29,472
Accounts payable and accrued expenses	5,820	(1,123)
Net cash provided by (used in) operating activities	<u>52,958</u>	<u>(4,880)</u>
Cash flows from investing activities:		
Purchase of fixed assets	(7,161)	(97,889)
Proceeds from sale of fixed assets	7,795	-
Purchase of investments	-	(826)
Proceeds from sale of investments	-	55,572
Net cash provided by (used in) investing activities	<u>634</u>	<u>(43,143)</u>
Cash flows from financing activities:		
Proceeds from related party	-	20,000
Payments to related party	(20,000)	-
Net cash provided by (used in) financing activities	<u>(20,000)</u>	<u>20,000</u>
Change in cash, cash equivalents, and restricted cash	33,592	(28,023)
Cash, cash equivalents, and restricted cash, beginning of year	<u>127,745</u>	<u>155,768</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 161,337</u>	<u>\$ 127,745</u>
Ending cash includes the following accounts:		
Cash and cash equivalents	\$ 113,142	\$ 103,196
Restricted cash:		
Gift annuities	258	258
Donor restricted funding	47,937	24,291
	<u>\$ 161,337</u>	<u>\$ 127,745</u>

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

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2019 and 2018

NOTE 1: NATURE OF ORGANIZATION

Canvasback Missions, Inc. (the "Organization") was formed in 1982 as a not-for-profit organization. The Organization's 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 islands of Micronesia. The Organization is supported by public donations and receives grants to fund this program. The Organization's main office is located in Benicia, California.

Canvasback Wellness (RMI), Inc. ("RMI") was formed April 28, 2014 and is a not-for-profit organization. RMI's financial statements are consolidated into the Organization's financial statements because they meet the criteria for consolidation under Financial Accounting Standards Board Accounting Standards Codification Topic 958, Subtopic 810, Not-for-Profit entities – Consolidation (FASB ASC 958-810). FASB ASC 958-810 requires consolidation if the nonprofit organizations are related to one another by means of ownership, control and/or economic interest. The Organization exercises control through common members and appointment of members of the board of directors of RMI and has an economic interest as the sole beneficiary of the assets and resources of RMI.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Organization and its affiliate have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14 Not-for-Profit Entities Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this update are designed to improve the presentation of net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The Organization has adopted the provision as of December 31, 2018.

The Organization presents its consolidated financial statements in accordance with FASB ASC Topic 958, Subtopic 210 (FASB ASC 958-210), Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations;

Net assets with donor restrictions - Net assets that are subject to stipulations that will be met by actions or the passage of time.

Revenues and gains and losses on investments are reported as changes in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Basis of Presentation (Continued)*

Donor-restricted contributions are reported as revenues which increase net assets with donor restrictions. Expirations of donor restrictions on contributions whose restrictions are met in the same reporting period have been reported as reclassifications between the applicable classes of net assets.

*Program and Functional Expenses*

The costs of providing program services have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Costs specifically identified with programs or fundraising are directly allocated to those functions. All costs not identifiable with a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Organization's existence, are included as management and general expenses. Expenses that benefit more than one function of the Organization are allocated among the functions based generally on the amount of time and effort spent by personnel on each function.

*Revenue Recognition*

In accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 958-605, *Not-for-Profit Entities – Revenue Recognition* (FASB ASC 958-605), unconditional contributions are generally recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recorded when the conditions have been met.

In June 2018, the Financial Accounting Standards Board ("FASB") issued *Accounting Standard Update ("ASU") No. 2018-08 "Not-for-Profit Entities (Topic 958)"*. The ASU provides an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization has retrospectively adopted the provision as of December 31, 2019 with no effect to previously reported net asset balances.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

*Use of Estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash represents cash associated with gift annuities and donor restricted funding received to support various programs within the mission of the Organization.

The Organization has adopted the provisions of FASB ASC 230 as revised by *ASU 2016-18, Statement of Cash Flows (Topic 230), Restricted Cash*. ASU 2016-18 requires that the statement of cash flows explains the total change in cash and restricted cash during the year. The Organization has retrospectively adopted ASU 2016-18 as of December 31, 2019.

Grants and Other Receivables

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management believes that all of the receivables are collectable; accordingly, no allowance for doubtful accounts has been established. Receivables are determined to be past due based on contractual terms. Grants receivable are written-off on a case-by-case basis after management has exhausted all collection efforts.

Other receivables are amounts owed from employees and are stated at the amount management expects to collect from outstanding balances. Management believes that all of the receivables are collectable; accordingly, no allowance for doubtful accounts has been established.

In-kind Donations

Contributions in-kind, when received, are recognized at fair market value. Furnishings and fixtures, labor, materials, and supplies donated from individuals and businesses totaled \$3,203,371 and \$1,093,723 for the years ended December 31, 2019 and 2018, respectively.

Property and Equipment

Property and equipment are stated at cost. If an expenditure results in the acquisition of any asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated using the straight-line method over the estimated useful life, which generally ranges from three to thirty-nine years.

Investments

Investments are recorded at fair market value. Changes in the carrying amounts of investments held are included in the consolidated statement of activities as unrealized gains or losses. Investment income, gains and losses are reported as changes in assets without donor restrictions unless a donor restricts their use.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is recognized as a public charity exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code sections of the California Revenue and Taxation Code, is subject to income tax. The Organization does not have any uncertain tax positions that are material to the financial statements, as management believes all of its activities are related to its tax-exempt purposes. After they are filed, the information returns remain subject to examination by the taxing authorities generally three years for federal returns and four years for state returns.

Fair Value Measurements

The Foundation has implemented the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 820, Subtopic 10 (FASB ASC 820-10), which defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements.

FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Foundation determines the fair values of its assets and liabilities based on the fair value hierarchy established in FASB ASC 820-10. The standard describes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an on-going basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Foundation's own suppositions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Foundation's own data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Marketable Securities: Fair values, which are the amounts reported in the consolidated statement of financial position, are based on quoted market prices.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified, with no effect on net assets, to conform to the 2019 financial statement presentation.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Events and transactions have been evaluated for potential recognition and disclosure through January 5, 2021, the date that the consolidated financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. While the disruption is currently expected to be temporary, there is considerable unknown around the duration. The Organization expects this matter to negatively impact its operating environment; however, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 113,142	\$ 103,196
Cash - restricted	48,195	24,549
Investments	70,058	51,738
Grant receivable	21,000	-
Other receivable	<u>4,400</u>	<u>3,550</u>
Financial assets available to meet cash need for expenditures within one year	<u>\$ 256,795</u>	<u>\$ 183,033</u>

NOTE 4: CASH AND CASH EQUIVALENTS

The Organization maintains cash and cash equivalents in various financial institutions and investment company accounts. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There were no uninsured cash balances at December 31, 2019 and 2018.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2019 and 2018

NOTE 5: INVESTMENTS

The following is a summary of investments as of December 31, 2019 and 2018:

	<u>2019</u>		
	<u>Cost</u>	<u>Unrealized Holding Gain</u>	<u>Fair Value at Quoted Market Price</u>
Exchange traded funds	<u>\$ 59,514</u>	<u>\$ 10,544</u>	<u>\$ 70,058</u>
	<u>2018</u>		
	<u>Cost</u>	<u>Unrealized Holding Loss</u>	<u>Fair Value at Quoted Market Price</u>
Exchange traded funds	<u>\$ 55,462</u>	<u>\$ (3,724)</u>	<u>\$ 51,738</u>

NOTE 6: FAIR VALUE MEASUREMENTS

All investments held by the Organization are in exchange traded funds.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets that are measured at fair value on a recurring basis as of December 31, 2019 and 2018:

	<u>2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	<u>\$ 70,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,058</u>
	<u>2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	<u>\$ 51,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,738</u>

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2019 and 2018

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 and 2018, consisted of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 10,000	\$ 10,000
Equipment	33,622	33,622
Automobiles	152,894	166,231
Furniture and fixtures	<u>68,982</u>	<u>68,982</u>
Total property and equipment at cost	265,498	278,835
Less accumulated depreciation	<u>(148,380)</u>	<u>(136,597)</u>
Property and equipment, net	<u>\$ 117,118</u>	<u>\$ 142,238</u>

NOTE 8: OPERATING LEASE

The Organization is on a month-to-month lease for a warehouse under an operating lease with a monthly base rent of \$1,170. Rent expense totaled \$14,512 and \$14,124 for the years ended December 31, 2019 and 2018, respectively.

The minimum future lease payments under these arrangements at December 31, 2019 are as follows:

<u>Year Ending December 31:</u>	
2020	\$ 14,040
2021	14,040
2022	14,040
2023	14,040
2024	<u>14,040</u>
Total	<u>\$ 70,200</u>

NOTE 9: RELATED PARTY TRANSACTIONS

During 2018, \$20,000 was loaned to the Organization by its founders and was to be paid by October 2019. The loan was noninterest bearing and was to be used for general assistance to the Organization. The loan was repaid in October 2019.

A member of management served as the treasurer on the Board of Directors for the Noncommunicable Diseases Coalition (the "NCD Coalition") from 2019 through 2020. The NCD Coalition is an organization that helps rehabilitate and treat people with noncommunicable diseases such as diabetes and hypertension. During 2019, the Organization received \$12,158 from the NCD Coalition to purchase electronic supplies.



CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 10: RETIREMENT BENEFITS

The Organization has a defined contribution plan available to all of its full-time employees employed 10 years or more and makes discretionary matching contributions. No matching contributions were made during 2019 and 2018.

SUPPLEMENTARY INFORMATION

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
December 31, 2019 (with Comparative Totals for 2018)

ASSETS

	Canvasback Missions, Inc.	Canvasback Wellness (RMI), Inc.	2019 Total	2018 Total
Current assets:				
Cash and cash equivalents	\$ 109,946	\$ 3,196	\$ 113,142	\$ 103,196
Cash - restricted	48,195	-	48,195	24,549
Investments	70,058	-	70,058	51,738
Grant receivable	21,000	-	21,000	-
In-kind for sale inventory	15,665	-	15,665	5,000
Total current assets	264,864	3,196	268,060	184,483
Other receivable	4,400	-	4,400	3,550
Property and equipment, net	78,663	38,455	117,118	142,238
Total assets	<u>\$ 347,927</u>	<u>\$ 41,651</u>	<u>\$ 389,578</u>	<u>\$ 330,271</u>

LIABILITIES AND NET ASSETS

Current liabilities:				
Accounts payable and accrued expenses	\$ 15,266	\$ 10	\$ 15,276	\$ 9,456
Due to related party	-	-	-	20,000
Total liabilities	15,266	10	15,276	29,456
Net assets:				
Without donor restrictions	332,661	41,641	374,302	300,815
Total net assets	332,661	41,641	374,302	300,815
Total liabilities and net assets	<u>\$ 347,927</u>	<u>\$ 41,651</u>	<u>\$ 389,578</u>	<u>\$ 330,271</u>

See independent auditor's report.

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATING STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

	Canvasback Missions, Inc.			Canvasback Wellness (RMI), Inc.			2019 Total	2018 Total
	Without Donor	With Donor Restrictions	Total	Without Donor	With Donor Restrictions	Total		
Support and revenue:								
Donations direct	\$ 548,577	\$ -	\$ 548,577	\$ -	\$ -	\$ -	\$ 548,577	\$ 424,189
In kind donations	3,203,371	-	3,203,371	-	-	-	3,203,371	1,093,723
Grants	-	526,843	526,843	1,416	-	1,416	528,259	404,341
World Diabetes Foundation grant	-	63,000	63,000	-	-	-	63,000	59,000
Diabetes Wellness Meals program	-	150,327	150,327	-	-	-	150,327	162,796
Interest/dividend income	4,207	-	4,207	-	-	-	4,207	5,696
Realized loss on investments	-	-	-	-	-	-	-	(6,137)
Unrealized gain (loss) on investments	14,122	-	14,122	-	-	-	14,122	(4,704)
Gain on sale of assets	7,795	-	7,795	-	-	-	7,795	2,804
Net assets released from restrictions	740,170	(740,170)	-	-	-	-	-	-
<b>Total support and revenue</b>	<b>4,518,242</b>	<b>-</b>	<b>4,518,242</b>	<b>1,416</b>	<b>-</b>	<b>1,416</b>	<b>4,519,658</b>	<b>2,141,708</b>
Expenses:								
Program services	4,143,201	-	4,143,201	15,973	-	15,973	4,159,174	1,985,412
General and administrative	173,392	-	173,392	-	-	-	173,392	148,243
Fundraising	113,605	-	113,605	-	-	-	113,605	69,714
<b>Total expenses</b>	<b>4,430,198</b>	<b>-</b>	<b>4,430,198</b>	<b>15,973</b>	<b>-</b>	<b>15,973</b>	<b>4,446,171</b>	<b>2,203,369</b>
Change in net assets	88,044	-	88,044	(14,557)	-	(14,557)	73,487	(61,661)
Net assets, beginning of year	244,617	-	244,617	56,198	-	56,198	300,815	362,476
<b>Net assets, end of year</b>	<b>\$ 332,661</b>	<b>\$ -</b>	<b>\$ 332,661</b>	<b>\$ 41,641</b>	<b>\$ -</b>	<b>\$ 41,641</b>	<b>\$ 374,302</b>	<b>\$ 300,815</b>

See independent auditor's report.

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

	Program Services			General and Administrative			Fundraising			2019 Total	2018 Total
	Canvasback Missions,	Canvasback Wellness (RMI), Inc.	Total	Canvasback Missions,	Canvasback Wellness (RMI), Inc.	Total	Canvasback Missions,	Canvasback Wellness (RMI), Inc.	Total		
Payroll	\$ 139,336	\$ -	\$ 139,336	\$ 55,734	\$ -	\$ 55,734	\$ 37,156	\$ -	\$ 37,156	\$ 232,226	\$ 198,989
Payroll taxes	11,554	-	11,554	4,622	-	4,622	3,081	-	3,081	19,257	15,861
Employee benefits	22,873	-	22,873	9,149	-	9,149	6,100	-	6,100	38,122	33,105
Medical supplies	3,221,506	-	3,221,506	-	-	-	-	-	-	3,221,506	1,050,963
Travel/lodging	348,277	-	348,277	5,621	-	5,621	2,896	-	2,896	356,794	292,146
Telephone and communications	5,456	-	5,456	2,182	-	2,182	1,455	-	1,455	9,093	8,698
Depreciation	21,281	11,000	32,281	-	-	-	-	-	-	32,281	23,522
Taxes and licenses	1,786	-	1,786	714	-	714	476	-	476	2,976	2,976
Training	-	-	-	-	-	-	-	-	-	-	35
Stipends	-	-	-	565	-	565	-	-	-	565	230
Conventions	-	-	-	3,615	-	3,615	3,615	-	3,615	7,230	984
Meetings/dues	-	-	-	1,531	-	1,531	788	-	788	2,319	7,054
Occupancy	-	-	-	2,330	-	2,330	1,201	-	1,201	3,531	2,928
Printing	-	-	-	1,152	-	1,152	-	-	-	1,152	5,983
Office supplies	-	-	-	10,691	-	10,691	5,507	-	5,507	16,198	18,667
Postage	2,020	-	2,020	808	-	808	539	-	539	3,367	4,247
Promotion	-	-	-	43,609	-	43,609	43,609	-	43,609	87,218	42,272
Auction	-	-	-	-	-	-	-	-	-	-	450
Automotive repairs	13,643	-	13,643	5,457	-	5,457	3,638	-	3,638	22,738	14,848
Moral Welfare Rejuvenation	-	-	-	2,913	-	2,913	-	-	-	2,913	3,212
Repairs and maintenance	-	-	-	288	-	288	-	-	-	288	288
Diabetes and Wellness Project	295,370	-	295,370	-	-	-	-	-	-	295,370	345,387
Community Health Advancement	-	4,910	4,910	-	-	-	-	-	-	4,910	10,163
World Diabetes Foundation	33,781	-	33,781	-	-	-	-	-	-	33,781	57,211
Insurance	-	-	-	1,320	-	1,320	680	-	680	2,000	4,253
Storage unit	14,512	-	14,512	3,666	-	3,666	1,889	-	1,889	20,067	14,124
Professional fees	-	-	-	6,644	-	6,644	975	-	975	7,619	2,750
Tenant improvements	-	-	-	-	-	-	-	-	-	-	200
Dalan project	-	-	-	-	-	-	-	-	-	-	2,812
Bank fees	11,806	63	11,869	-	-	-	-	-	-	11,869	15,339
Other administrative costs	-	-	-	10,781	-	10,781	-	-	-	10,781	23,672
<b>Total expenses</b>	<b>\$ 4,143,201</b>	<b>\$ 15,973</b>	<b>\$ 4,159,174</b>	<b>\$ 173,392</b>	<b>\$ -</b>	<b>\$ 173,392</b>	<b>\$ 113,605</b>	<b>\$ -</b>	<b>\$ 113,605</b>	<b>\$ 4,446,171</b>	<b>\$ 2,203,369</b>

See independent auditor's report.