

**ASIA HARVEST, INC.  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2018**

ELLIS LEE HOSTETTER & CO, PC  
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ASIA HARVEST  
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# ELLIS LEE HOSTETTER & Co., P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Asia Harvest, Inc

We have audited the accompanying financial statements of Asia Harvest, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018, and the related statements of activities, cash flows and statements of functional expenses for the year 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 audit. We conducted our audit 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 Asia Harvest, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Ba Su", followed by a horizontal line.

Ellis Lee Hostetter & Co., P.C.  
Lebanon, PA  
April 26, 2019

ASIAN HARVEST  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2018

ASSETS

ASSETS

Current Assets	
Cash	\$ 807,850
Investments	10,899
Inventory	22,599
Total Current Assets	<u>841,348</u>
Fixed Assets	
Furniture and Equipment	\$ 4,000
Less Accumulated Depreciation	(400)
Net Fixed Assets	<u>3,600</u>
TOTAL ASSETS	<u><u>\$ 844,948</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ -
Payroll Liabilities	518
TOTAL CURRENT LIABILITIES	<u>\$ 518</u>

NET ASSETS

Temporarily Restricted	\$ 83,139
Unrestricted	761,291
TOTAL NET ASSETS	<u>844,430</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 844,948</u></u>

The notes to these financial statements are an integral part of these statements

ASIA HARVEST  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Contributions	\$ 594,860	\$ 2,392,326	\$ 2,987,186
Donated Services	-	-	-
Investment Income	90	-	90
Unrealized Gain/Loss	3,152	-	3,152
Other Income	14,167	-	14,167
Total Support and Revenues	<u>\$ 612,269</u>	<u>\$ 2,392,326</u>	<u>\$ 3,004,595</u>
Satisfaction of Program Restrictions	2,623,185	(2,623,185)	-
Expenses			
Program Services	\$ 2,944,962	\$ -	\$ 2,944,962
Supporting Activities			
General and Administrative	200,414	-	200,414
Fundraising	170	-	170
Total Expenses	<u>3,145,546</u>	<u>-</u>	<u>3,145,546</u>
Change in Net Assets	\$ 89,908	\$ (230,859)	\$ (140,951)
Net Assets, Beginning of Year	<u>671,213</u>	<u>313,998</u>	<u>985,211</u>
Net Assets, End of Year	<u><u>\$ 761,121</u></u>	<u><u>\$ 83,139</u></u>	<u><u>\$ 844,260</u></u>

ASIA HARVEST  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (140,781)
Adjustments to reconcile net support to net cash provided by operating activities	
Depreciation	400
(Increase)/decrease in Donated Securities	-
(Increase)/decrease in Inventory	(1,130)
Increase/(decrease) in Accounts Payable	(2,923)
Increase/(decrease) in Accrued Payroll Taxes	76
Net cash provided by (used in) operating activities	<u>(144,358)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment	(4,000)
(Increase)/decrease in Investments	<u>(7,200)</u>
Net cash provided by (used in) investing activities	<u>(11,200)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (155,558)
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CASH AND CASH EQUIVALENTS - Beginning of Year	<u>963,408</u>
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CASH AND CASH EQUIVALENTS - End of Year	<u><u>\$ 807,850</u></u>
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Cash and Cash Equivalents Consists of:	<u>12/31/2018</u>
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Cash on Hand	\$ -
Cash in Bank - Checking	797,203
Cash in Bank - Paypal	<u>10,647</u>

Total Cash and Cash Equivalents End of Year	<u><u>\$ 807,850</u></u>
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Cash paid for interest during year	<u><u>\$ -</u></u>
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Cash paid for Excise tax during year	<u><u>\$ -</u></u>
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ASIA HARVEST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE #1 NATURE OF ACTIVITIES**

GENERAL. Asia Harvest, Inc (AHI) is a non-profit organization. As a Christian ministry, AHI works in various countries throughout Asia to see effective churches planted among unreached people groups. AHI works alongside Asian church leaders, helping and equipping them to focus on reaching the lost.

**NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

REPRESENTATION. This summary of significant accounting policies of the Asia Harvest, forthwith referred to as "Organization", is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity.

ACCOUNTING METHOD. The financial statements of the Organization have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred regardless of when paid. Financial statement presentation is in accordance with generally accepted accounting principles within the United States of America (GAAP).

BASIS OF PRESENTATION. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958-210 (FASB ASC 958-210), formerly Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-For-Profit Organizations*. Under this pronouncement, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted Net Assets: Net assets whose use by the Organization is subject to donor imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

The notes to the financial statements are an integral part of these statements.

Asia Harvest  
Notes to the Financial Statements  
For the year ended December 31, 2018

**NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

BASIS OF PRESENTATION. - continued

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these permit the Organization to use all or part of the investment return on these assets.

PUBLIC SUPPORT AND REVENUES. The Organization receives various contributions which are recorded as unrestricted when received unless specifically restricted by the donor. Grants and other contributions are reported as restricted support if received with donor stipulations that limit the use of the donated assets. When the restriction expires, that is when the stipulated time restriction or purpose restriction is accomplished. Restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

FIXED ASSETS. Property and equipment are recorded at cost for items purchased and recorded at fair market value for donated property. It is AHI's policy to capitalize equipment which costs at least \$5,000 per unit item. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operation when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and the related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in income. Depreciation is based on the following policies:

<u>Description</u>	<u>Useful Life</u>	<u>Method</u>
Buildings	25-40 Years	Straight Line
Equipment	5-10 Years	Straight Line
Vehicles	5-7 Years	Straight Line

The notes to the financial statements are an integral part of these statements.

Asia Harvest  
Notes to the Financial Statements  
For the year ended December 31, 2018

**NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

FEDERAL INCOME TAX. Asia Harvest is exempt from Federal Income Tax as provided by Code Section 501(C)(3) of the Internal Revenue Code. Donors are entitled to deductions for federal income tax purposes for contributions made to the Organization in accordance with the Internal Revenue Code Section 170. Accordingly, no income tax is incurred unless the Organization earns income considered to be unrelated business income as referenced in Section 513 of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will not be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2018.

The Organization files a federal Form 990 - Return of Organization Exempt From Income Tax. The Organization also files Charitable Organization Registration Statement with Commonwealth of Pennsylvania - Form - BCO-10. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2015.

CASH AND CASH EQUIVALENTS. The Organization considers all highly liquid investments as available for current use with an initial maturity of one month or less to be cash equivalents - see Note #4.

ALLOCATION OF EXPENSES. The Organization uses the following policy in allocating its expenses:

- a. Costs allocated to programs include all related costs, such as activities expenses, maintenance of property, equipment and program administration.
- b. General administration and fundraising expenses come from general revenues.

The notes to the financial statements are an integral part of these statements.

Asia Harvest  
Notes to the Financial Statements  
For the year ended December 31, 2018

**NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

NET ASSETS. The financial statements report amounts by class of net assets.

- a. Unrestricted amounts are those available at the discretion of the board for use in the Organization's ministries, and those resources invested in land, buildings and equipment.
- b. Temporarily restricted amounts are those restricted by donors for specific operating purposes, or for the acquisition of land, buildings and equipment.
- c. Permanently restricted amounts are those restricted by donors in perpetuity as endowments or irrevocable trusts.

ADVERTISING. The Organization expenses all advertising costs as they are paid.

ACCOUNTING FOR CONTRIBUTIONS AND DONATED SERVICES. The Organization records contributions received as unrestricted, temporarily restricted or permanently restricted support, depending upon the existence and/or nature of donor restriction. Restricted net assets are reclassified to unrestricted net assets upon the satisfaction of the time or purpose restrictions. All contributions are considered to be available for unrestricted use unless restricted by the donor. The Organization also recognizes as revenues and expenses certain contributed services made by professionals for the benefit of the Organization. These services requiring specialized skills, are provided by individuals possessing these skills and would need to be purchased, if not provided by donation. There must be an objective basis available for the measurement of their value. The amount recognized is obtained by applying the fair market value of the services to the number of hours contributed to the Organization.

A substantial number of unpaid volunteers have made significant contributions of their time to support the Organization's administrative, program and fundraising activities. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation and does not meet the reporting requirements. However, the Organization could not operate nearly as effectively without these volunteers and the numerous hours donated.

Asia Harvest  
Notes to the Financial Statements  
For the year ended December 31, 2018

**NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

CONTRIBUTED SERVICES. Contributed Services are recognized by the Organization whenever those services create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills provided that the organization would need to secure those services. The value of services are determined based on hours of service donated at average fair value of comparable services and are reported both as revenue and expense in the period performed. If contributed services are a part of a capital project, the value of those services are capitalized. All program areas benefited from these services. The administrative and fundraising functional areas benefited as well. The value of these services was determined to be \$0 for the year 2018, and therefore not reported on these financial statements.

DONATED ASSETS. Donated tangible assets are recorded as contributions at their estimated fair market value at the date of donation.

**NOTE #3 FUNCTIONAL ALLOCATION OF EXPENSES**

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

**NOTE #4 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash held in checking accounts, savings accounts and cash on hand (not deposited at December 31st). The following is a summary of cash and cash equivalents as of the year end.

	<u>12/31/2018</u>	<u>12/31/2017</u>
Cash on Hand	\$ -	\$ 55,592
Cash in Bank - Checking	797,203	897,226
Cash in Bank - PayPal	<u>10,647</u>	<u>10,590</u>
Total Cash and Cash Equivalents	<u>\$ 807,850</u>	<u>\$ 963,408</u>

The notes to the financial statements are an integral part of these statements.

Asia Harvest  
Notes to the Financial Statements  
For the year ended December 31, 2018

**NOTE #5 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represent contributions received from donors with specific restrictions for program supported mission activities. The funds have not been utilized in support of the corresponding mission. Therefore, the revenue is reflected as temporarily restricted until the point the restriction has been achieved.

TEMPORARILY RESTRICTED NET ASSETS

	<u>End-of-Year</u>	<u>Beginning</u>
Literature	\$ -	\$ 12,424
Evangelism	-	51,473
Humanitarian	83,139	250,101
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$ 83,139</b>	<b>\$ 313,998</b>

The following represents a further breakdown of temporarily restricted revenue and expenditures on the related projects for the year. Note that some expenditures shown below would include the spending of unrestricted revenue on the project

	2018	
	<u>Revenues</u>	<u>Expenses</u>
China Bible Fund	\$ 1,084,492	\$ 1,250,000
Asian Bible Fund	245,750	254,348
Asian Worker's Fund	436,884	649,300
Living Martyr's Fund	474,634	548,768
Bless the Children Fund	42,067	89,494
Persecution & Relief Fund	108,499	153,900
<b>TOTAL</b>	<b>\$ 2,392,326</b>	<b>\$ 2,945,810</b>

The notes to the financial statements are an integral part of these statements.

Asia Harvest  
Notes to the Financial Statements  
For the year ended December 31, 2018

**NOTE #6 OPERATIONS**

The continuation of Asia Harvest's operations is usually assumed in financial accounting in the absence of evidence to the contrary. However, operations which depend primarily on contributions from its donors, are always subject to the uncertainty as to the amounts of future support.

**NOTE #7 FAIR VALUE MEASUREMENT**

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018.

*Common stocks, corporate bonds and U.S. government securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

The notes to the financial statements are an integral part of these statements.

Asia Harvest  
Notes to the Financial Statements  
For the year ended December 31, 2018

**NOTE #9 FAIR VALUE MEASUREMENT - continued**

*Mutual funds:* Valued at the net asset value (NAV) of shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2018.

<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash on Hand	\$ -	\$ -	\$ -
Cash in Bank - Checking	797,203	-	-
Cash in Bank - PayPal	10,647	-	-
Marketable Securities	-	10,899	-
	<u>-</u>	<u>10,899</u>	<u>-</u>
Total Fair Value Measurement	<u>\$ 807,850</u>	<u>\$ 10,899</u>	<u>\$ -</u>

**NOTE #10 SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through April 26, 2019, the date the financials were available to be issued.

## Supplemental Information

ASIA HARVEST  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAM				SUPPORTING ACTIVITIES			Year 2018 Totals
	Bible Printing	Evangelism	Humanitarian Aid	Total Program Services	General and Administrative	Fundraising	Supporting Activities Total	
Grants & Assistance	\$ 1,503,500	\$ 649,300	\$ 792,162	\$ 2,944,962	\$ -	\$ -	\$ -	\$ 2,944,962
Bank Fees	-	-	-	-	23,022	-	23,022	23,022
Conferences & Meetings	-	-	-	-	9,720	-	9,720	9,720
Donated Services	-	-	-	-	-	-	-	-
Licenses	-	-	-	-	3,012	-	3,012	3,012
Miscellaneous	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	2,785	-	2,785	2,785
Office Expenses	-	-	-	-	45,890	-	45,890	45,890
Payroll	-	-	-	-	13,728	-	13,728	13,728
Postage & Shipping	-	-	-	-	37,090	-	37,090	37,090
Printing & Publications	-	-	-	-	39,924	170	40,094	40,094
Professional Fees	-	-	-	-	11,914	-	11,914	11,914
Telephone	-	-	-	-	417	-	417	417
Travel	-	-	-	-	12,742	-	12,742	12,742
2018 Total Expenses	<u>\$ 1,503,500</u>	<u>\$ 649,300</u>	<u>\$ 792,162</u>	<u>\$ 2,944,962</u>	<u>\$ 200,244</u>	<u>\$ 170</u>	<u>\$ 200,414</u>	<u>\$ 3,145,376</u>
2018 Percent of Total Expenses				93.63%	6.37%	0.01%	6.37%	100.00%

The notes to these financial statements are an integral part of these statements