

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

FINANCIAL STATEMENTS

Years ended October 31, 2017 and 2016

with

Independent Auditors' Report



AFRICA NEW LIFE MINISTRIES INTERNATIONAL
(an Oregon non-profit corporation)

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Bashan & Johnson, P.C.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Africa New Life Ministries International
Portland, Oregon

We have audited the accompanying financial statements of Africa New Life Ministries International which comprise the statements of financial position as of October 31, 2017 and 2016, and the related statements of activities, functional expenses, 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 of 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 Africa New Life Ministries International as of October 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.

Beaverton, Oregon
January 31, 2018

Bashan & Johnson, P.C.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

October 31, 2017 and 2016

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
Current assets		
Cash (Note 2)	\$ 645,113	\$1,960,502
Short-term investments (Notes 3 and 4)	1,033,730	41,847
Receivables (Note 5)	155,453	198,688
Prepaid expenses (Note 6)	<u>206,205</u>	<u>138,646</u>
Total current assets	<u>2,040,501</u>	<u>2,339,683</u>
Property and equipment		
Automobiles	-	10,500
Office furniture and equipment	50,146	47,649
Software	446,795	402,489
Leasehold improvements	<u>17,674</u>	<u>17,674</u>
	514,615	478,312
Less accumulated depreciation and amortization	<u>(109,504)</u>	<u>(62,122)</u>
	<u>405,111</u>	<u>416,190</u>
Total assets	<u>\$2,445,612</u>	<u>\$2,755,873</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities		
Accounts payable	\$ 33,804	\$ 111,664
Accrued payroll liabilities	64,780	72,501
Other accrued expenses	<u>16,363</u>	<u>11,955</u>
Total current liabilities	<u>114,947</u>	<u>196,120</u>
Commitments and contingencies (Note 7)	-	-
Net assets		
Unrestricted (Note 8)	81,013	25,909
Temporarily restricted (Note 9)	<u>2,249,652</u>	<u>2,533,844</u>
Total net assets	<u>2,330,665</u>	<u>2,559,753</u>
Total liabilities and net assets	<u>\$2,445,612</u>	<u>\$2,755,873</u>

The accompanying notes are an integral part of the financial statements.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

STATEMENT OF ACTIVITIES

Year ended October 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 9,759,481	\$ 441,922	\$10,201,403
In-kind contributions (Note 12)	1,600,834	-	1,600,834
Investment income (Note 3)	<u>94,331</u>	<u>-</u>	<u>94,331</u>
Total revenue	11,454,646	441,922	11,896,568
Net assets released from restrictions	<u>726,114</u>	<u>(726,114)</u>	<u>-</u>
Total revenue and other support	<u>12,180,760</u>	<u>(284,192)</u>	<u>11,896,568</u>
Expenses			
Program services:			
Ministry program expense – Rwanda	9,053,582	-	9,053,582
Short-term missions	1,231,802	-	1,231,802
Program and sponsorship management	724,663	-	724,663
Management and general	164,250	-	164,250
Fundraising	<u>951,359</u>	<u>-</u>	<u>951,359</u>
Total expenses	<u>12,125,656</u>	<u>-</u>	<u>12,125,656</u>
Change in net assets	55,104	(284,192)	(229,088)
Net assets, beginning of year	<u>25,909</u>	<u>2,533,844</u>	<u>2,559,753</u>
Net assets, end of year	<u>\$ 81,013</u>	<u>\$2,249,652</u>	<u>\$ 2,330,665</u>

The accompanying notes are an integral part of the financial statements.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

STATEMENT OF ACTIVITIES
Year ended October 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contributions	\$7,796,262	\$1,488,951	\$9,285,213
In-kind contributions (Note 12)	111,004	-	111,004
Investment income (Note 3)	<u>341</u>	<u>-</u>	<u>341</u>
Total revenue	7,907,607	1,488,951	9,396,558
Net assets released from restrictions	<u>417,617</u>	<u>(417,617)</u>	<u>-</u>
Total revenue and other support	<u>8,325,224</u>	<u>1,071,334</u>	<u>9,396,558</u>
Expenses			
Program services:			
Ministry program expense – Rwanda	5,664,310	-	5,664,310
Short-term missions	1,106,098	-	1,106,098
Program and sponsorship management	555,148	-	555,148
Management and general	175,231	-	175,231
Fundraising	<u>871,182</u>	<u>-</u>	<u>871,182</u>
Total expenses	<u>8,371,969</u>	<u>-</u>	<u>8,371,969</u>
Change in net assets	(46,745)	1,071,334	1,024,589
Net assets, beginning of year	<u>72,654</u>	<u>1,462,510</u>	<u>1,535,164</u>
Net assets, end of year	<u>\$ 25,909</u>	<u>\$2,533,844</u>	<u>\$2,559,753</u>

The accompanying notes are an integral part of the financial statements.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES

Year ended October 31, 2017

Ministry Program Expense Rwanda	Short-term Missions	Program and Sponsorship Management	Total Program Services	Management and General		Total
				General	Fundraising	
\$	\$	\$	\$	\$	\$	\$
Salaries and wages	105,683	362,626	468,309	98,873	388,030	955,212
Payroll taxes and benefits	19,797	76,817	96,614	12,743	62,641	171,998
Contract labor	-	6,404	6,404	-	-	6,404
Africa College of Theology	-	-	611,672	-	-	611,672
Bank and other fees	15,690	72,547	88,237	13,607	46,988	148,832
Building Projects	-	-	2,681,388	-	-	2,681,388
Child Sponsorship	-	-	4,582,967	-	-	4,582,967
Children's Residence	-	-	104,473	-	-	104,473
Depreciation and amortization	7,050	4,876	39,905	915	9,012	49,832
Esther Home	-	-	186,273	-	-	186,273
Food and Care	-	-	449,842	-	-	449,842
Fundraising expenses	-	-	-	-	162,547	162,547
Insurance	833	3,852	4,685	723	2,748	8,156
Website and software	9,490	43,939	53,429	8,231	58,367	120,027
Marketing	59	26,362	26,421	-	31,458	57,879
Meals and entertainment	-	-	-	1,235	2,410	3,645
Office expense	1,341	7,569	8,910	532	6,762	16,204
Postage	27	18,678	18,705	-	8,759	27,464
Professional services	9,143	12,263	21,406	2,648	23,594	47,648
Promotional materials	1,104	17,348	18,452	534	39,275	58,261
Rent	5,473	25,309	30,782	3,844	15,655	50,281
Short-term missions	513,635	1,079	514,714	-	-	514,714
Telephone and internet	2,024	9,395	11,419	1,753	8,362	21,534
Transportation and travel	539,462	22,364	561,826	13,909	75,228	650,963
Other administration expenses	-	-	-	4,703	9,523	14,226
Other program expenses	408,988	13,235	423,214	-	-	423,214
\$	\$ 1,231,802	\$ 724,663	\$ 11,010,047	\$ 164,250	\$ 951,359	\$ 12,125,656

The accompanying notes are an integral

part of the financial statements.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
 Year ended October 31, 2016

Ministry Program Expense Rwanda	Short-term Missions	Program and Sponsorship Management	Total Program Services	Management and General	Fundraising	Total
\$ -	\$ 81,813	\$ 318,748	\$ 400,561	\$ 92,703	\$ 398,327	\$ 891,591
-	19,915	54,064	73,979	19,947	58,082	152,008
-	-	-	-	-	-	-
247,874	-	-	247,874	-	-	247,874
-	19,256	48,555	67,811	13,225	40,145	121,181
633,398	-	-	633,398	-	-	633,398
3,533,162	-	-	3,533,162	-	-	3,533,162
115,736	-	-	115,736	-	-	115,736
18,850	5,302	4,222	28,374	993	4,096	33,463
122,252	-	-	122,252	-	-	122,252
546,640	-	-	546,640	-	-	546,640
-	-	-	-	-	78,541	78,541
-	2,366	5,966	8,332	1,403	5,054	14,789
-	5,897	14,942	20,839	3,497	44,508	68,844
-	146	24,231	24,377	-	26,759	51,136
-	-	-	-	950	4,013	4,963
-	2,361	6,711	9,072	707	5,033	14,812
-	733	11,485	12,218	327	7,458	20,003
-	3,520	10,300	13,820	1,404	37,490	52,714
-	798	10,423	11,221	397	20,207	31,825
-	8,037	20,265	28,302	(176)	16,755	44,881
-	488,880	-	488,880	-	-	488,880
-	3,252	8,342	11,594	1,935	7,850	21,379
-	462,261	11,954	474,215	28,249	108,598	611,062
-	-	-	-	9,670	8,266	17,936
446,398	1,561	4,940	452,899	-	-	452,899
\$ 5,664,310	\$ 1,106,098	\$ 555,148	\$ 7,325,556	\$ 175,231	\$ 871,182	\$ 8,371,969

The accompanying notes are an integral part of the financial statements.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

STATEMENTS OF CASH FLOWS
Years ended October 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donors, grantors and customers	\$10,249,363	\$9,187,322
Cash paid to employees, suppliers and program recipients	(10,620,397)	(8,136,106)
Investment income	<u>18,099</u>	<u>317</u>
Net cash provided (used) by operating activities	<u>(352,935)</u>	<u>1,051,533</u>
CASH FLOWS FROM INVESTING ACTIVITIES (Note 11):		
Increase in investments	(760,125)	(43)
Donation of investments	(155,526)	(26,020)
Purchase of property and equipment	<u>(46,803)</u>	<u>(193,974)</u>
Net cash used by investing activities	<u>(962,454)</u>	<u>(220,037)</u>
Increase (decrease) in cash	(1,315,389)	831,496
Cash and cash equivalents, beginning of year	<u>1,960,502</u>	<u>1,129,006</u>
Cash and cash equivalents, end of year	<u>\$ 645,113</u>	<u>\$1,960,502</u>

The accompanying notes are an integral part of the financial statements.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

STATEMENTS OF CASH FLOWS, Continued
 Years ended October 31, 2017 and 2016

RECONCILIATION OF CHANGE IN NET ASSETS TO
 NET CASH PROVIDED (USED) BY OPERATING
 ACTIVITIES:

	<u>2017</u>	<u>2016</u>
Change in net assets	\$ (229,088)	\$1,024,589
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	49,832	33,463
Gain on investments	(76,232)	(24)
Loss on sale of equipment	1,686	-
Changes in assets and liabilities:		
Decrease (increase) in contributions and grants receivable	47,960	(97,891)
Decrease (increase) in other receivables	1,639	(556)
(Increase) decrease in prepaid expenses	(67,559)	14,974
(Decrease) increase in accounts payable	(77,860)	51,889
(Decrease) increase in accrued payroll liabilities	(7,721)	19,851
Increase in other accrued expenses	<u>4,408</u>	<u>5,238</u>
Net cash provided (used) by operating activities	<u>\$ (352,935)</u>	<u>\$1,051,533</u>

The accompanying notes are an integral
 part of the financial statements.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS
October 31, 2017 and 2016

1. Organization and Summary of Significant Accounting Policies:

Organization

Africa New Life Ministries International (the Organization) is a 501(c)(3) not-for-profit corporation incorporated under the laws of the State of Oregon. The Organization's purpose is to help orphaned and poor children in Rwanda, Africa by providing education, medical care, food and clothing. Such functions are carried out by establishing Christian schools, leadership training centers, and orphanage homes.

The Organization partners with Africa New Life Ministries Rwanda (ANLMR) which is incorporated under the laws of Rwanda as a non-profit organization. The Organization raises funds through sponsorship and various events and sends those funds minus an administration fee to ANLMR. The funds are used by ANLMR to carry-out child sponsorship programs, women's training programs, building of facilities and paying staff to accomplish such programs. ANLMR owns land, buildings, and equipment that it has purchased from donations received from the Organization. These assets are owned independently of the Organization and therefore, are not reported in its financial statements. They are accounted for in ANLMR financial statements as required by the laws of Rwanda.

Basis of Accounting and Preparation of Financial Statements

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization did not have any permanently restricted net assets at October 31, 2017 and 2016.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued

October 31, 2017 and 2016

1. Organization and Summary of Significant Accounting Policies, continued:

Contributed Services

A substantial number of volunteers have made significant contributions of their time to provide various services to the Organization, such as developing business and operating plans, raising funds, and administrative functions. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

In-kind Contributions:

The Organization receives in-kind contributions, such as medical equipment and supplies, building materials, and nutritional food packages for use in its program to help orphans and poor children in Rwanda, Africa. In-kind contributions revenue is recognized in circumstances in which the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution. Accordingly, the recognition of in-kind contributions revenue is limited to circumstances in which the Organization takes constructive possession of the in-kind contributions, and the Organization is the recipient of the gift, rather than an agent or intermediary (as defined by accounting standards). In-kind contributions received through donations are valued and recorded as revenue at their fair value at the time the contribution is received.

In circumstances in which the Organization is functioning as an agent or intermediary with respect to the in-kind contributions, the Organization reports an asset and corresponding liability measured at the fair value at the earlier of the time the goods are promised or received from the resource provider, and until the Organization remits the in-kind contributions to the ultimate beneficiary.

In circumstances in which the Organization distributes in-kind contributions as part of its own programs, it reports an expense, which is reported in the functional classification for the program in which the in-kind contributions were used. It is the Organization's policy to distribute in-kind contributions as promptly as possible. Undistributed in-kind contributions at year-end are reported as inventory. Inventory is valued at the lower of cost or fair value (cost is determined as fair value at the date of gift plus any costs incurred). During 2017 and 2016, all in-kind contributions were used in the Organization's programs.

Contributions and Pledges

Contributions and pledges are reported as support and revenue as received. Such amounts are recorded as restricted support if they are received with member stipulations that limit their use. When the restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, such assets are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions. Contributions received with restrictions whose restrictions are met in the same reporting period are generally reported as unrestricted support.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued
October 31, 2017 and 2016

1. Organization and Summary of Significant Accounting Policies, continued:

Contributions and Pledges, Continued

The Organization reports gifts of 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.

Investments

Investments in marketable securities with readily determined fair values and all investments in debt securities are carried at their fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is computed using straight-line and accelerated methods over estimated useful lives of five to ten years. Maintenance, minor repairs and gains or losses from dispositions of assets are reflected in operations when incurred.

Functional Allocation of Expenses

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments having initial maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statements of cash flows exclude permanently restricted cash and cash equivalents.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued
October 31, 2017 and 2016

1. Organization and Summary of Significant Accounting Policies, continued:

Federal Income Taxes

Africa New Life Ministries International is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law and, as such, is not subject to income taxes on net income from exempt activities. Africa New Life Ministries International's Federal returns of organization exempt from income tax are subject to examination by the Internal Revenue Service for the last three years. Donors of money and property are entitled to the maximum charity contribution deduction under the law.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 presentation.

Subsequent Events

Subsequent events have been evaluated through January 31, 2018, the date the financial statements were available to be issued.

2. Cash:

Cash consists of the following:

	<u>2017</u>	<u>2016</u>
Checking and money market accounts	\$ <u>645,113</u>	\$ <u>1,960,502</u>

The following is a summary of cash by net assets:

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ (376,713)	\$ (484,513)
Temporarily restricted-programs	<u>1,021,826</u>	<u>2,445,015</u>
	\$ <u>645,113</u>	\$ <u>1,960,502</u>

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued

October 31, 2017 and 2016

3. Short-term Investments:

Short-term investments are stated at fair value and consist of deposit accounts, money market funds, equity funds, bond funds, and exchange traded funds (ETFs). Fair values as of October 31, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
<u>Unrestricted:</u>		
Deposit accounts	\$ 1,002	\$ 39,036
General investments	<u>-</u>	<u>2,811</u>
	<u>1,002</u>	<u>41,847</u>
 <u>Temporarily Restricted:</u>		
Deposit accounts	113,886	-
General Investments	<u>918,842</u>	<u>-</u>
	<u>1,032,728</u>	<u>-</u>
Totals	<u>\$1,033,730</u>	<u>\$ 41,847</u>

The aggregate fair value of short-term investments by major types is as follows:

	<u>2017</u>	<u>2016</u>
Deposit accounts	\$ 114,888	\$ 39,036
Money Market Funds	400,000	-
Equity funds	136,626	2,811
Bond funds	49,884	-
Exchange traded funds (ETFs)	<u>332,332</u>	<u>-</u>
	<u>\$1,033,730</u>	<u>\$ 41,847</u>

During the years ended October 31, 2017 and 2016, investment income consists of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 18,099	\$ 317
Net realized gain	61,287	24
Net unrealized gain	<u>14,945</u>	<u>-</u>
Total investment income	<u>\$ 94,331</u>	<u>\$ 341</u>

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued
October 31, 2017 and 2016

4. Fair Value Measurement:

FASB ASC 820 establishes a framework for measuring fair value, clarifies the definition of fair value and expands disclosures about fair-value measurements. FASB ASC 820 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability. Fair value is a market-based measurement that should be determined using assumptions that market participants would use in pricing an asset or liability. FASB ASC 820 establishes a valuation hierarchy for disclosure of fair value measurements. The categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The categories within the valuation hierarchy are described below:

Level 1 – Financial instruments with quoted prices in active markets for identical assets or liabilities. The Organization’s level 1 financial instruments consist of deposit accounts, money market funds, equity funds, bond funds and exchange traded funds (ETFs).

Level 2 – Financial instruments with quoted prices in active markets for similar assets or liabilities. Level 2 fair value measurements are determined using either prices for similar instruments or inputs that are either directly or indirectly observable, such as interest rate. The Organization does not have any financial assets or liabilities being measured at fair value that are classified as level 2 financial instruments.

Level 3 – Inputs to the fair value measurements are unobservable inputs or valuation techniques. The Organization does not have any assets or liabilities being measured at fair market value that are classified as Level 3 financial instruments.

A summary of financial assets measured at fair value is as follows:

Assets	Total at October 31, 2017	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Deposit Accounts	\$ 114,888	\$ 114,888	\$ -	\$ -
Money Market funds	400,000	400,000	-	-
Equity Funds	136,626	136,626	-	-
Bond Funds	49,884	49,884	-	-
Exchange Traded Funds (ETFs)	<u>332,332</u>	<u>332,332</u>	-	-
Total assets at fair value	<u>\$ 1,033,730</u>	<u>\$ 1,033,730</u>	<u>\$ -</u>	<u>\$ -</u>

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued
October 31, 2017 and 2016

4. Fair Value Measurement, Continued:

Assets	Total at October 31, 2016	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Deposit Accounts	\$ 39,036	\$ 39,036	\$ -	\$ -
Equity Funds	<u>2,811</u>	<u>2,811</u>	<u>-</u>	<u>-</u>
Total assets at fair value	\$ <u>41,847</u>	\$ <u>41,847</u>	\$ <u>-</u>	\$ <u>-</u>

5. Receivables:

The following is a summary of contributions and grants receivable by net assets and of other receivables:

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 113,859	\$ 147,000
Temporarily restricted	<u>41,594</u>	<u>50,049</u>
	155,453	197,049
Receivables from employees	<u>-</u>	<u>1,639</u>
	\$ <u>155,453</u>	\$ <u>198,688</u>

6. Prepaid Expenses:

Prepaid expenses consist of the following:

	<u>2017</u>	<u>2016</u>
Rent deposit and prepaid rent	\$ 7,400	\$ 7,200
Prepaid short-term mission travel	153,504	38,780
Other prepaid expenses	<u>45,301</u>	<u>92,666</u>
	\$ <u>206,205</u>	\$ <u>138,646</u>

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6. Prepaid Expenses, Continued:

The following is a summary of prepaid expenses by net assets:

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 52,701	\$ 99,866
Temporarily restricted – programs	<u>153,504</u>	<u>38,780</u>
	<u>\$ 206,205</u>	<u>\$ 138,646</u>

7. Lease Commitments:

The Organization leases office space under a non-cancelable operating lease. The following is a schedule of future minimum rental payments under the lease as of October 31:

2018	\$ 47,280
2019	52,080
2020	54,480
2021	55,480
Thereafter	<u>14,100</u>
	<u>\$223,420</u>

Rent expense was \$50,281 and \$44,881 in 2017 and 2016, respectively.

8. Unrestricted Net Assets:

Unrestricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Undesignated	<u>\$ 81,013</u>	<u>\$ 25,909</u>

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9. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes and programs:

	<u>2017</u>	<u>2016</u>
Africa College of Theology	\$ 14,536	\$ 35,373
Building projects	275,193	602,172
Child sponsorship	618,871	466,744
Esther Home	70,985	241,798
Food and Care	7,165	17,661
Halo Ranch Scholarship	1,032,733	1,000,215
New Life Children's Residence	5,634	6,880
Short-term missions	138,345	39,280
Other projects	<u>86,190</u>	<u>123,721</u>
	<u>\$2,249,652</u>	<u>\$2,533,844</u>

10. Concentration of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and short-term investments. The Organization places its temporary cash investments with financial institutions with high credit standing and limits the amount of credit exposure, although it may from time to time have cash balances in excess of that insured by the FDIC. The Organization periodically assesses the financial institutions and believes the risk of loss is minimal.

At October 31, 2017 the amount of cash deposited at financial institutions exceeded the FDIC limits by \$222,865, and the amount in uninsured short-term investments totaled \$1,033,730.

11. Supplemental Schedule of Noncash Investing and Financing Activities:

During 2017 and 2016 the Organization received in-kind contributions with a fair value of \$1,600,834 and \$111,004, respectively.

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12. In-kind Contributions:

In-kind contributions include medical equipment and supplies, building materials, and nutritional food packages, for use in the Organization's ministry program in Rwanda, Africa. The Organization reported the following in-kind contribution amounts in the accompanying financial statements:

	<u>2017</u>	<u>2016</u>
Revenue:		
In-kind contributions	\$ <u>1,600,834</u>	\$ <u>111,004</u>
Expenses:		
Program services:		
Ministry program expense – Rwanda	\$ <u>1,600,834</u>	\$ <u>111,004</u>

All in-kind contributions were received from private or other nonprofit sources. The following is a description of major types of in-kind contributions received in 2017 and 2016:

<u>Description:</u>	<u>2017</u>
Medical equipment and supplies	\$1,156,782
Nutritional food packages (approximately 570,000 meals)	171,072
Building materials, supplies, and tools for construction of school buildings in Bugesera, Rwanda, Africa	<u>272,980</u>
	<u>\$1,600,834</u>
<u>Description:</u>	<u>2016</u>
Nutritional food packages (approximately 285,000 meals)	\$ 85,536
Donated oceanic shipping costs to Rwanda, Africa	5,468
Print-on-demand high volume printing system for printing books and educational materials	<u>20,000</u>
	<u>\$ 111,004</u>

During 2017 and 2016, the Organization did not receive any in-kind contributions which qualified as intermediary or agency transactions. At October 31, 2017 and 2016, undistributed in-kind inventory was \$-0- and \$-0-, respectively.