ASIAN ACCESS LIFE MINISTRIES

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

BYEMAN & CLEARY
CERTIFIED PUBLIC ACCOUNTANTS

412 W. BROADWAY • SUITE 206 • GLENDALE, CALIFORNIA 91204-1297
TELEPHONE 818 • 247-3223 • FACSIMILE 818 • 247-9066

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Asian Access Life Ministries

We have audited the accompanying financial statements of Asian Access Life Ministries (a nonprofit corporation), which comprise the statements of financial position as of September 30, 2016 and 2015, 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 Asian Access Life Ministries as of September 30, 2016 and 2015, 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.

Byeman & Cleary

March 23, 2017

ASIAN ACCESS LIFE MINISTRIES
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 and 2015

ASSETS

	2016	2015
Current Assets		
Cash and cash equivalents	$2,301,147	$1,907,252
Advances receivable	52,513	2,587
Accounts receivable	2,203	51,346
Deposits & prepaid expense	11,189	7,118
Total current assets	2,367,052	1,968,303
Property and equipment		
Land in Japan	562,223	562,223
Building in Japan	1,027,506	1,027,506
Work in progress	8,144	7,823
Furniture & equipment in: USA	46,226	68,760
Japan	68,428	69,908
	1,712,527	1,736,220
Less accumulated depreciation	(551,018)	(542,821)
Net property and equipment	1,161,509	1,193,399
Total assets	$3,528,561	$3,161,702

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	$ 49,532	$ 48,273
Accrued expense	188,820	156,424
Total current liabilities	238,352	204,697
Net Assets		
Unrestricted	1,755,954	1,792,147
Temporarily restricted	1,534,255	1,164,858
Total net assets	3,290,209	2,957,005
Total liabilities and net assets	$3,528,561	$3,161,702

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

ASIAN ACCESS LIFE MINISTRIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Public Support						
Contributions	$ 669,415	$2,635,624	$3,305,039	$1,465,141	$2,568,782	$4,033,923
Revenue						
Enrollment fees	68,169	-	68,169	66,880	-	66,880
Foreign exchange gain (loss)	37,431	-	37,431	(56,307)	-	(56,307)
Field support income	51,282	-	51,282	54,821	-	54,821
Interest and other income	77,146	-	77,146	67,422	-	67,422
	234,028	-	234,028	132,816	-	132,816
Net assets released from restriction due to satisfaction of purpose	2,266,227	(2,266,227)	-	2,041,809	(2,041,809)	-
Total Support and Revenue	3,169,670	369,397	3,539,067	3,639,766	526,973	4,166,739
Expenses						
Program Services	2,507,868	-	2,507,868	2,516,454	-	2,516,454
Supporting Activities						
Management	370,253	-	370,253	355,427	-	355,427
Fundraising	327,742	-	327,742	258,965	-	258,965
Total supporting	697,995	-	697,995	614,392	-	614,392
Total expenses	3,205,863	-	3,205,863	3,130,846	-	3,130,846
Change in net assets	(36,193)	369,397	333,204	508,920	526,973	1,035,893
Net assets, beginning of year	1,792,147	1,164,858	2,957,005	1,283,227	637,885	1,921,112
Net assets, end of year	$1,755,954	$1,534,255	$3,290,209	$1,792,147	$1,164,858	$2,957,005

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

ASIAN ACCESS LIFE MINISTRIES
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2016 and 2015

	Program Services	Supporting Services: Management	Supporting Services: Fundraising	Supporting Services: Total Supporting	Total 2016
Salaries & benefits	$1,347,492	$248,126	$183,774	$431,900	$1,779,392
Travel, conferences, and meetings	600,633	38,750	59,290	98,040	698,673
Staff development	35,537	14,056	304	14,360	49,897
Depreciation	37,435	7,015	812	7,827	45,262
Miscellaneous	157	(49)	-	(49)	108
Office expense	50,750	20,462	6,658	27,120	77,870
Outside services	71,872	30,097	51,830	81,927	153,799
Marketing & donor support	45,105	6,069	21,505	27,574	72,679
Rent & utilities	70,237	5,727	3,569	9,296	79,533
Disaster relief	136,862	-	-	-	136,862
Ministry grants	111,788	-	-	-	111,788
Total 2016	$2,507,868	$370,253	$327,742	$697,995	$3,205,863

	Program Services	Supporting Services: Management	Supporting Services: Fundraising	Supporting Services: Total Supporting	Total 2015
Salaries & benefits	$1,215,564	$218,155	$142,839	$360,994	$1,576,558
Travel, conferences, and meetings	674,453	57,860	52,082	109,942	784,395
Staff development	32,345	506	135	641	32,986
Depreciation	46,721	5,091	709	5,800	52,521
Miscellaneous	31	52	-	52	83
Office expense	51,123	21,799	4,931	26,730	77,853
Outside services	58,202	38,377	45,478	83,855	142,057
Marketing & donor support	28,940	7,615	8,860	16,475	45,415
Rent & utilities	64,984	5,972	3,931	9,903	74,887
Disaster relief	211,641	-	-	-	211,641
Grants for ministry	132,450	-	-	-	132,450
Total 2015	$2,516,454	$355,427	$258,965	$614,392	$3,130,846

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

ASIAN ACCESS LIFE MINISTRIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 and 2015

	2016	2015
Operating Activities		
Change in net assets	$ 333,204	$1,035,893
Adjustments to reconcile above to net cash provided by (used by) operating activities:		
Depreciation	45,262	52,521
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Advances receivable	(49,926)	20,785
Accounts receivable	49,143	2,941
Deposits & prepaid expense	(4,071)	13,829
Increase (Decrease) in:		
Accounts payable	1,259	(14,848)
Accrued expense	32,396	25,427
Net cash provided by (used by) operating activities	407,267	1,136,548
Investing Activities		
Payments on website development	(7,366)	(21,442)
Purchase of vehicle and equipment	(6,006)	(7,823)
Net cash used by investing activities	(13,372)	(29,265)
Increase (decrease) in cash and cash equivalents	393,895	1,107,283
Cash and cash equivalents:		
Beginning of year	1,907,252	799,969
End of year	$2,301,147	$1,907,252

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

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMER 30, 2016

1. NATURE OF ORGANIZATION

Asian Access Life Ministries (Asian Access) is incorporated in California under the Nonprofit Religious Corporation Law, exclusively for religious purposes. It is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code.

Asian Access exists to identify, develop, and release emerging kingdom leaders to unite the church, multiply leaders and congregations, and extend the transforming power of the Gospel of Jesus Christ. Leadership Development and Church Multiplication are the two major programs operated by the Organization.

The operations of an affiliate of Asian Access in British Columbia, Canada are not included in these financial statements. This affiliate has an independent board of directors and operations. As a result, management lacks sufficient control to warrant consolidation of the activity in these financial statements.

The organization is supported primarily through donor contributions solicited by missionary staff and charitable foundation grants. Grants and contributions are received from donors throughout the United States. Contributions raised as support for projects and by missionaries were 74.5% and 61.6% of total support and revenue in the years ended September 30, 2016 and 2015 respectively. Foundation grants are also a large source of income representing approximately 39.5% in 2016 and 53.0% in 2015. A single foundation donor was responsible for total support and revenue of 22.6% in 2016 and 34.0% in 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

Cash consists of balances in deposit accounts at financial institutions, primarily a credit union. All unrestricted highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

ASIAN ACCESS LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMER 30, 2016

Classes of Net Assets

Unrestricted amounts are those currently available at the discretion of the board of directors and management for use in the organization's operations and those resources invested in property and equipment.

Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of equipment.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

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.

Expense Allocation

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

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Pledges Receivable

Contribution revenue is recognized when a donor makes an unconditional pledge to give to the Organization. Unconditional pledges expected to be collected within one year are reported at net realizable value. Those expected to be collected in more than one year are reported at the present value of their estimated future cash flows. There were no pledges receivable at September 30, 2016 or 2015.

Property and Equipment

Property and equipment is recorded at cost or estimated fair value if received by donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor directions regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Property and equipment are depreciated on the straight-line method over estimated useful lives of 2.5 to 4 years for furniture and equipment and 30 to 40 years for buildings.

Revenues and Expenses

Unrestricted contributions are recognized when cash or ownership of donated assets is unconditionally promised to the organization.

Temporarily restricted contributions are recognized as contribution income when cash or ownership of donated assets is unconditionally promised to the organization and subsequently released to unrestricted net assets when expenses have been incurred in satisfaction of donor stipulated restrictions. When a restricted donation is recognized, a portion is allocated to unrestricted net assets to offset the cost of processing the transaction.

3. ACCOUNTS RECEIVABLE

Asian Access has receivables due from another organization with whom it has a partnership type arrangement. Under the arrangement Asian Access pays some expenses of the partner organization's missionaries in Japan. The receivable balances due from the organization as of September 30, 2016 and 2015 were $625 and $34,932, respectively.

4. RETIREMENT PLAN

A defined contribution retirement plan is maintained for qualifying employees. The contribution of Asian Access is 2% of eligible salaries and a 2% matching contribution. A third-party administrator oversees plan operations and an unrelated trust company maintains custody of plan assets. Employees fully vest in the employer contributions when made. Expense for the years ended September 30, 2016 and 2015 were $40,702 and $32,693 respectively.

5. OFFICE RENTAL

Office space for headquarters facilities is leased in Artesia, California under a lease which expires December 31, 2017. It calls for monthly base rent payments plus a pro rata share of any increase in building operating costs.

Annual rental payments required under the leases in the years ended September 30 are:

	Artesia
2017	$27,888
2018	10,417
Total	$38,305

6. EQUIPMENT LEASES

The Organization rents copying and mailing equipment in Japan and in the Artesia, California office under terms of operating leases. Future minimum lease payments under these operating leases in the years ended September 30 are:

2017	$13,968
2018	7,055
2019	6,461
2020	6,461
	$33,945

7. INVESTMENT INCOME

Investment income consisted of $4,222 and $2,597 of interest and dividends earned in the years ended September 30, 2016 and 2015 respectively.

8. INCOME TAXES

The organization evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of September 30, 2016, the organization believes that all its tax positions would be sustainable upon examination by the appropriate taxing jurisdictions. As of September 30, 2016, the organization's federal returns remain open to examination for the past three years. California returns remain open for four years.

9. RESTRICTIONS ON NET ASSETS

The temporarily restricted net assets represent unspent contributions received with donor-imposed stipulations. These restrictions are removed when funds are expended for the purposes specified. The restrictions consist of the following at September 30:

	2016	2015
Leadership Development	$ 701,679	$ 626,103
Japan Ministry	374,081	80
Japan Matching Challenge	-	250,000
Asia Realignment Project	-	67,667
Japan Strategic Partnership	69,339	32,007
Japan Disaster Relief	136,570	-
Nepal Disaster Relief	60,204	67,642
Eastern Voices Project	46,015	-
Benevolence Fund	2,086	-
Missionaries	144,281	121,359
	$1,534,255	$1,164,858

10. CONCENTRATION OF CASH

At September 30, 2016, cash was held in accounts at a credit union in which every account is insured up to $250,000. This insurance is provided by a private insurance company that does not have the ability to draw on the full faith and credit of the United States government. Only the reserves of the insurance company are available to pay any claims. At times during the year bank deposits may exceed insured limits. At September 30, 2016 accounts in the United States exceeded the limits of deposit insurance based on actual bank balances by $834,600. Cash balances held in bank accounts in Japan at September 30, 2016 exceeded the insurance limits of the Deposit Insurance Corporation of Japan (DICJ) by $61,410.

11. PARTNERSHIP ARRANGEMENT WITH SIM-USA

In 2011 Asian Access and SIM-USA entered into a partnership arrangement with the goal of sending more church-planting missionaries to Japan. Under this arrangement SIM-USA assumes responsibility for recruiting missionaries as well as the U.S. based care of those missionaries. Asian Access is responsible for championing the overall vision in Japan, managing the strategy of missionary deployment there, and providing in-country missionary care.

11. PARTNERSHIP ARRANGEMENT WITH SIM-USA (continued)

Asian Access and SIM-USA remain independent and maintain their distinct and separate ministry and board of directors.

Under this arrangement, a number of Asian Access Japan-based missionaries transferred to SIM-USA. Asian Access made grants to SIM-USA related to these transfers totaling $40,438 and $96,509 in the years ended September 30, 2016 and 2015, respectively.

Asian Access also received fees from SIM-USA to provide support services in Japan. For the years ended September 30, 2016 and 2015 these fees totaled $46,758 and $48,389, respectively.

12. PARTNERSHIP ARRANGEMENT WITH SIM-CANADA

In 2014 Asian Access and SIM-Canada entered into a Partnership arrangement with the goal of sending more church-planting missionaries to Japan. Under this arrangement SIM-Canada assumes responsibility for recruiting missionaries as well as the care of those missionaries in Canada. Asian Access is responsible for championing the overall vision in Japan, managing the strategy of missionary deployment there, and providing in-country missionary care.

Asian Access and SIM-Canada remain independent and maintain their distinct and separate ministry and board of directors.

Under this agreement, a number of Asian Access Japan-based missionaries transferred to SIM-Canada. In the year ended September 30, 2015 Asian Access made grants to SIM-Canada related to these transfers totaling $8,830. No such transfers were made in the year ended September 30, 2016.

Asian Access also received fees from SIM-Canada to provide support services in Japan. In the years ended September 30, 2016 and 2015 these fees totaled $4,524 and $6,432 respectively.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 23, 2017, the date which the financial statements were available to be issued. There are no events to report.