

2013 Rapha House Financials (Final Audited Version)

Rapha House International, Inc.	
Statement of Financial Position	
As of December 31, 2013	
ASSETS	
Current Assets	
Cash - United States	\$486,743.88
Cash - United Sates (Pending transfer)	\$80,620.00
Cash - Cambodia	\$57,694.00
Accounts Receivable - Cambodia	\$17,773.00
Inventory	\$115,000.00
Total Current Assets	\$757,830.88
Fixed Assets	
Land - Cambodia	\$216,250.00
Buildings - Cambodia	\$516,577.85
Buildings - Cambodia (Acc. Depreciation)	(\$148,398.85)
Office Equipment - United States	\$27,542.44
Office Equipment - United States (Acc. Depreciation)	(\$19,986.96)
Vehicles - Cambodia	\$80,708.00
Vehicles - Cambodia (Acc. Depreciation)	(\$52,912.00)
Construction In Progress - Unites States	\$195,014.11
Total Fixed Assets	\$814,794.59
Other Assets	
Refundable Deposit - Cambodia	\$750.00
Total Other Assets	\$750.00
TOTAL ASSETS	\$1,573,375.47
LIABILITIES & NET ASSETS	
Liabilities	
Current Liabilities	
Accounts Payable	\$9,002.55
Payroll Liabilities	\$3,784.16
Construction Line of Credit	\$153,073.88
Total Current Liabilities	\$165,860.59
Net Assets	
Unrestricted	\$965,126.93
Temporarily Restricted (Cambodia Building Project)	\$312,799.65
Temporarily Restricted (Other)	\$129,588.30
Total Net Assets	\$1,407,514.88
TOTAL LIABILITIES & NET ASSETS	\$1,573,375.47

2013 Rapha House Financials (Final Audited Version)

Rapha House International		
Statement of Cash Flows		
For the Year Ended December 31, 2013		
OPERATING ACTIVITIES		
Net Income	\$171,063.93	
ADJUSTMENTS TO RECONCILE NET INCOME		
Decrease (Increase) in Operating Assets		
Accounts Receivable	\$3,665.00	
Inventory	\$15,000.00	
Increase (Decrease) in Operating Liabilities		
Accounts Payable	-\$16,345.80	
Payroll Liabilities	\$3,784.16	
Construction Line of Credit	\$28,756.78	
Net cash provided by Operating Activities		\$205,924.07
INVESTING ACTIVITIES		
Depreciation (Buildings)	\$25,829.28	
Capital Expenditures (Office Equipment)	-\$5,770.69	
Depreciation (Office Equipment)	\$4,354.32	
Capital Expenditures (Vehicles)	\$3,650.00	
Depreciation (Vehicles)	\$6,515.73	
Capital Expenditures (Construction in Progress)	-\$37,139.88	
Refundable Deposit (Cambodia)	-\$40.00	
Net cash provided by Investing Activities		-\$2,601.24
FINANCING ACTIVITIES		
Net cash provided by Financing Activities		\$0.00
Net cash increase for period		\$203,322.83
Cash at beginning of period		\$421,735.14
Cash at end of period		\$625,057.97

2013 Rapha House Financials (Final Audited Version)

Rapha House International, Inc.	
Statement of Activities	
For the Year Ended December 31, 2013	
Income	Amount
Contributions and Grants	\$1,660,013.22
Product Sales	\$160,583.43
Cambodia Income	\$23,055.00
Program Revenue: Counseling	\$5,099.00
Other income	\$2,970.79
Donated goods	\$1,865.93
Interest Income	\$478.94
Discounts Given	\$124.86
Total Income	\$1,854,191.17
COGS - Product Expenses (USA)	\$33,468.76
COGS - Product Shipping	\$2,606.02
Gross Profit	\$1,818,116.39
Overseas Expenses	Amount
Overseas Expenses (Cambodia)	\$794,932.98
Safehouse Support - Thailand	\$105,500.00
Additional Support - Cambodia	\$69,440.60
Safehouse Support - Myanmar	\$51,800.00
Safehouse Support - Haiti	\$29,112.40
Grants to other organizations: other	\$3,644.00
Domestic Expenses	Amount
Payroll Expenses	\$133,544.63
Awareness Trip Expenses	\$104,063.99
Awareness Representation and Travel	\$61,152.02
Documentary Expenses (Finding Home)	\$59,231.89
Travel to Cambodia	\$51,572.63
Depreciation	\$36,699.24
Capital Purchases - Equipment	\$26,044.00
Postage and Shipping	\$19,732.92
Printing and Promotions	\$15,783.12
Graphic and Media Design	\$11,779.25
Conferences and Conventions	\$9,588.52
Outside Labor - Internships	\$6,493.40
Office rent	\$6,000.00
Supplies	\$5,617.82
Business Expenses	\$5,217.86
Payroll Taxes	\$5,029.36
Travel to Haiti	\$4,660.28
Staff Development	\$4,585.00
Insurance	\$4,549.00
Telephone and Communications	\$3,571.45

2013 Rapha House Financials (Final Audited Version)

Online Subscriptions	\$3,330.96
Utilities	\$3,182.15
Other Expenses	\$3,158.18
Website Development	\$2,431.00
Facility and Equipment	\$2,010.96
Accounting Fees	\$1,750.00
Mailing Services	\$1,562.29
Other taxes	\$651.88
Professional Fees - Other	\$350.00
Books, subscriptions, reference	\$139.68
Total Expenses	\$1,647,913.46
Net Ordinary Income	\$170,202.93
Net gain on sale of securities	\$861.00
Net Income	\$171,063.93

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3-4
Statement of Activities	5-6
Statement of Cash Flow	7
Notes to the Financial Statements	8-11

DAVID A. TURK, CPA, LLC

2914 E. 32ND * P.O.BOX 3766 * JOPLIN,MO 64803 * 417-623-4302 * FAX 417-623-4075

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Rapha House International, Inc.

I have audited the accompanying financial statements of Rapha House International, Inc. (a not-for-profit organization) as of December 31, 2013, and the related statements of activities and cash flows 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

My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of ARM-Cambodia, an affiliate, which statements reflect total assets of \$688,441, as of December 31, 2013, and the total support and revenues of \$780,154, for the year then ended. Those statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for ARM-Cambodia, is based solely on the report of the other auditors. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, based on my audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Rapha House International, Inc. and affiliates as of December 31, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



David A. Turk, CPA, LLC
May 19, 2014

RAPHA HOUSE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

Rapha House International, Inc. is a non-profit corporation whose main purpose is to support and operate homes for children who are victims of child slavery and who are vulnerable to sexual exploitation and to provide support, education, counseling, advocacy, nutrition, and training for these young people. The entity is active in the USA, Haiti and Southeast Asia.

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Inventory

Inventory consists of items produced by the children they are providing housing, education and training to. These items are recorded at cost. The inventory is in Joplin, Missouri, USA.

Property and Equipment

Property and Equipment are recorded at cost or, if donated, market value at date of donation. Depreciation is provided by the straight-line method over the estimated useful lives (5 to 40 years) of the assets. See Note 2 for asset details.

Income Taxes

Rapha House International, Inc. is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Therefore no provision for income taxes has been made. The organization does file an informational Form 990 with the Internal Revenue Service.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. For purposes of cash flows, the entity considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

RAPHA HOUSE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Financial Statement Presentation

The organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the organization does not use fund accounting.

The financial statements of ARM-Cambodia, an affiliate, that are incorporated into these financial statements, and audited by other auditors, uses the cost valuation basis. These financial statements have been prepared on a going concern basis, which consider the realization of assets and settlement of liabilities in the normal course of business.

Public Support and Revenue

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

RAPHA HOUSE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2: PROPERTY AND EQUIPMENT

	<u>2013</u>
Land - Cambodia	\$ 216,250
Buildings - Cambodia	516,578
Furniture and equipment - USA	27,542
Work in Process - Building & Land (See Note 5)	195,014
Vehicles - Cambodia	<u>80,708</u>
	1,036,092
Less: accumulated depreciation	<u>(221,298)</u>
	<u>\$ 814,794</u>

NOTE 3: ACCOUNTS RECEIVABLE

The receivables represent money owed to ARM-Cambodia in the amount of \$17,773 from beneficiaries and staff.

NOTE 4: DONATED SERVICES

The Entity receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

NOTE 5: CONSTRUCTION IN PROGRESS

The entity has purchased real property and is in the process of remodeling it for offices and a retail outlet in Joplin, Missouri, USA. See work in process in Note 2 and Note 6 for related liability.

RAPHA HOUSE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 6: NOTE PAYABLE PEOPLES BANK

This loan, which is a line of credit, was used to purchase a commercial building in Joplin, Missouri for office space and a retail outlet for items produced by the children they are training. This note originated in 2012 and is renewed annually. It is currently renewed until July 21, 2014. The loan is also being used for the remodeling of the building. The note currently has an interest rate of 5%. The interest is payable monthly and the principal is due on July 21, 2014.

NOTE 7: SUBSEQUENT EVENT

Subsequent events were evaluated through May 19, 2014, which is the date the financial statements were available to be issued.