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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 nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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

My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of ARM-Cambodia, an affiliate, which statements reflect total assets of \$1,053,576 and \$839,140, as of December 31, 2015 and 2014 respectively, and the total support and revenues of \$1,125,872 and \$1,051,613 respectively for the years 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 audits 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, the financial statements referred to above present fairly, in all material respects, the financial position of Rapha House International, Inc. as of December 31, 2015 and 2014, 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.



Joplin, Missouri
August 11, 2016

Rapha House International, Inc.		
Statement of Financial Position		
As of December 31, 2015 and 2014		
ASSETS	2015	2014
Current Assets		
Cash	\$492,728	\$445,411
Accounts Receivable	\$6,333	\$9,617
Pledges Receivable (See Note)		\$550,000
Refundable Deposit	\$800	\$800
Inventory	\$114,244	\$123,244
Total Current Assets	\$614,105	\$1,129,072
Fixed Assets		
Land	\$216,250	\$216,250
Buildings	\$869,777	\$670,375
Buildings Acc. Dep.	-\$200,057	-\$174,228
Equipment	\$36,377	\$27,590
Equipment Acc. Dep.	-\$30,142	-\$24,341
Vehicles	\$188,732	\$82,158
Vehicles Acc. Dep.	-\$77,398	-\$57,463
Construction in Progress - U.S.	\$284,569	\$220,117
Total Fixed Assets	\$1,288,107	\$960,457
TOTAL ASSETS	\$1,902,212	\$2,089,529
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$21,167	\$14,002
Payroll Liabilities	\$5,650	
Construction Line of Credit	\$213,472	\$167,997
Total Liabilities	\$240,289	\$181,999
Net Assets		
Unrestricted	\$1,463,721	\$1,110,087
Temporarily Restricted	\$198,202	\$797,443
Total Net Assets	\$1,661,923	\$1,907,530
TOTAL LIABILITIES & NET ASSETS	\$1,902,212	\$2,089,529
Note: The accompanying notes are an integral part of these financial statements		

Rapha House International, Inc.				
Statement of Activities				
For the Years Ended December 31, 2015 and 2014				
	2015			
SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Total	2014
Contributions and grants	\$1,684,685	\$520,339	\$2,205,024	\$2,728,926
International Income	\$13,121		\$13,121	\$23,619
Counseling Revenue (U.S.)	\$24,516		\$24,516	\$18,635
Interest and Investment Income	\$855		\$855	\$1,246
Other Income	\$40,891		\$40,891	\$12,523
Gross Merchandise Sales	\$176,577		\$176,577	\$204,687
Cost of Goods Sold	(\$59,465)		(\$59,465)	(\$102,922)
Net assets released from restrictions in 2015	\$1,119,580	(\$1,119,580)		
TOTAL SUPPORT AND REVENUE	\$3,000,760	-\$599,241	\$2,401,519	\$2,886,714
EXPENSES				
Safe House and Programs (Cambodia)	\$986,892		\$986,892	\$941,826
Safe House (Thailand)	\$701,052		\$701,052	\$593,000
Safe House (Haiti)	\$269,433		\$269,433	\$202,797
Safe House (Myanmar)	\$38,100		\$38,100	\$64,025
Grants and Individual Assistance	\$10,570		\$10,570	\$3,750
Documentary and Media Production	\$25,339		\$25,339	\$17,412
Awareness Trips	\$120,141		\$120,141	\$108,887
US Payroll	\$193,402		\$193,402	\$179,677
US Payroll Taxes	\$14,795		\$14,795	\$13,757
Other Professional Services	\$18,750		\$18,750	\$3,974
Graphics and Media Design	\$24,154		\$24,154	\$22,136
Supplies and Equipment	\$11,732		\$11,732	\$12,182
Communications	\$3,865		\$3,865	\$3,848
Printing, Shipping and Promotions	\$47,460		\$47,460	\$40,547
Online Subscriptions	\$9,125		\$9,125	\$6,673
Office Rent and Utilities	\$11,710		\$11,710	\$12,131
Depreciation	\$48,016		\$48,016	\$34,751
Awareness Representation and Domestic Travel	\$71,778		\$71,778	\$67,246
International Travel	\$50,151		\$50,151	\$35,687
Conferences and Conventions	\$6,089		\$6,089	\$11,817
Insurance	\$10,114		\$10,114	\$4,921
Staff development	\$676		\$676	\$24,130
Other expenses	\$11,653		\$11,653	\$7,277
TOTAL EXPENSES	\$2,684,999		\$2,684,999	\$2,412,450
Prior Period Adjustments	\$37,874		\$37,874	\$25,750
CHANGE IN NET ASSETS	\$353,634	(\$599,241)	(\$245,607)	\$500,015
NET ASSETS, BEGINNING OF YEAR	\$1,110,087	\$797,443	\$1,907,530	\$1,407,515
NET ASSETS, END OF YEAR	\$1,463,721	\$198,202	\$1,661,923	\$1,907,530
Note: The accompanying notes are an integral part of these financial statements				

Rapha House International, Inc.					
Statement of Functional Expenses					
For the Year Ended December 31, 2015 (with Comparative Totals for 2014)					
	2015				
Expense	Program	Administrative	Fundraising	Total	2014
Safe House and Programs (Cambodia)	\$920,556	\$33,168	\$33,168	\$986,892	\$941,826
Safe House (Thailand)	\$701,052	\$0	\$0	\$701,052	\$593,000
Safe House (Haiti)	\$269,433	\$0	\$0	\$269,433	\$202,797
Safe House (Myanmar)	\$38,100	\$0	\$0	\$38,100	\$64,025
Grants and Individual Assistance	\$10,570	\$0	\$0	\$10,570	\$3,750
Documentary and Media Production	\$25,339	\$0	\$0	\$25,339	\$17,412
Awareness Trips	\$120,141	\$0	\$0	\$120,141	\$108,887
US Payroll	\$94,767	\$59,955	\$38,680	\$193,402	\$179,677
US Payroll Taxes	\$7,250	\$4,587	\$2,959	\$14,795	\$13,757
Other Professional Services	\$0	\$18,750	\$0	\$18,750	\$3,974
Graphics and Media Design	\$0	\$24,154	\$0	\$24,154	\$22,136
Supplies and Equipment	\$1,294	\$10,438	\$0	\$11,732	\$12,182
Communications	\$0	\$3,865	\$0	\$3,865	\$3,848
Printing, Shipping and Promotions	\$0	\$23,730	\$23,730	\$47,460	\$40,547
Online Subscriptions	\$0	\$9,125	\$0	\$9,125	\$6,673
Office Rent and Utilities	\$0	\$11,710	\$0	\$11,710	\$12,131
Depreciation	\$43,214	\$4,802	\$0	\$48,016	\$34,751
Awareness Representation and Domestic Travel	\$0	\$35,889	\$35,889	\$71,778	\$67,246
International Travel	\$25,076	\$25,076	\$0	\$50,151	\$35,687
Conferences and Conventions	\$0	\$3,045	\$3,045	\$6,089	\$11,817
Insurance	\$0	\$10,114	\$0	\$10,114	\$4,921
Staff development	\$0	\$676	\$0	\$676	\$24,130
Other expenses	\$0	\$11,654	\$0	\$11,654	\$7,277
Total	\$2,256,792	\$290,736	\$137,471	\$2,684,999	\$2,412,450
	Percentage of Total	Percentage of Total	Percentage of Total		
	84%	11%	5%		
Note: The accompanying notes are an integral part of these financial statements					

Rapha House International, Inc.		
Statement of Cash Flows		
For the Years Ended December 31, 2015 and 2014		
	2015	2014
From Operating Activities		
Net Income	-\$283,480	\$474,265
Accounts Receivable	\$3,284	\$8,156
Pledges Receivable	\$550,000	(\$550,000)
Inventory	\$9,000	(\$8,244)
Accounts Payable	\$7,165	\$5,000
Payroll Liabilities	\$5,650	(\$3,784)
Net Cash Used By Operating Activities	\$291,618	(\$74,607)
From Investing Activities		
Buildings	-\$199,402	(\$153,797)
Buildings Depreciation	\$25,829	\$25,829
Equipment	-\$8,787	(\$47)
Equipment Depreciation	\$5,801	\$4,354
Vehicles	-\$106,574	(\$1,450)
Vehicles Depreciation	\$19,935	\$4,551
Construction in Progress (US)	-\$64,452	(\$25,103)
Increase in Refundable Deposit		(\$50)
Increase in Construction Line of Credit	\$45,475	\$14,923
Prior period adjustment	\$37,874	\$25,750
Net Cash Used by Investing Activities	-\$244,301	(\$105,040)
From Financing Activities		\$0
Net cash increase (decrease) for period	\$47,317	(\$179,647)
Cash at beginning of period	\$445,411	\$625,058
Cash at end of period	\$492,728	\$445,411
Note: The accompanying notes are an integral part of these financial statements		

Rapha House International, Inc.
Notes to Financial Statements
December 31, 2015

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 women and children in their programs and vocational training. 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.

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 annual 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.

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,

Rapha House International, Inc.
Notes to Financial Statements
December 31, 2015

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. Additionally, the financial statements of Rapha House Haiti have been incorporated into these financial statements. These financial statements have been prepared on a going concern basis, which considers 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.

NOTE 2: ACCOUNTS RECEIVABLE

The receivables represent money owed to ARM-Cambodia in the amount of \$6,333 are loans provided as benefits to program beneficiaries and staff.

NOTE 3: 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 4: 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. The cost is included in Construction in Progress. See Note 5 for related liability.

Rapha House International, Inc.
Notes to Financial Statements
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NOTE 5: NOTE PAYABLE PEOPLES BANK

This loan was used to purchase a commercial building in Joplin, Missouri for office space and a retail outlet for items produced in programs. This note originated in 2012 and is renewed annually. The amount at year end of 2015 was \$213,472. The note currently has a fixed interest rate of 5%. The interest is payable monthly with the principal due on September 6, 2016. The note is secured. The organization intends to complete construction in 2016 and convert the note to a fixed term loan.

NOTE 6: SUBSEQUENT EVENT

Subsequent events were evaluated through August 11, 2016, which is the date the financial statements were available to be issued.

NOTE 7: PRIOR PERIOD ADJUSTMENT

The cumulative amount of the prior period adjustments of \$37,873.75 includes the following:

- 1) Capitalizing vehicles and equipment in Cambodia and Haiti which were previously charged to expense
- 2) Adjusting expenses, cash on hand, and suspense account to comply with Cambodian and Haiti audits