

**MOBILITY OUTREACH INTERNATIONAL**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2014 AND 2013**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mobility Outreach International  
Seattle, Washington

We have audited the accompanying financial statements of Mobility Outreach International (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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.

### *Auditors' 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 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 Mobility Outreach International, formerly Mobility Outreach International as of December 31, 2014 and 2013, 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.

*Jones & Associates LLC, CPAs*

Jones & Associates, LLC CPAs  
June 29, 2015

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**MOBILITY OUTREACH INTERNATIONAL**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 86,900	\$ 160,431
Investments	640,717	637,199
Accounts and other receivables	-	6,788
Pledges receivable, current	280,000	240,000
Prepays and deposits	13,744	13,649
Total current assets	1,021,361	1,058,067
<b>LONG-TERM ASSETS</b>		
Pledges receivable, long-term	327,740	48,533
	\$ 1,349,101	\$ 1,106,600
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 13,136	\$ 13,537
Accrued expenses	17,367	15,195
Total current liabilities	30,503	28,732
<b>NET ASSETS</b>		
Unrestricted undesignated	256,083	153,197
Unrestricted board designated	67,000	-
Temporarily restricted	995,515	924,671
	1,318,598	1,077,868
	\$ 1,349,101	\$ 1,106,600

*See accompanying notes to financial statements.*

**MOBILITY OUTREACH INTERNATIONAL  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014**

	Unrestricted	Board Designated	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>				
Grants	\$ 143,454	\$ -	\$ 448,753	\$ 592,207
Contributions	31,686	-	186,664	218,350
Special events income, net of expenses of \$45,653	325,713	-	-	325,713
In-kind contributions	28,730	-	-	28,730
Program fees	27,112	-	-	27,112
Investment return	4,051	-	-	4,051
	<u>560,746</u>	<u>-</u>	<u>635,417</u>	<u>1,196,163</u>
Net assets released from restrictions				
Additions to board designated net assets	(67,000)	67,000	-	-
Satisfaction of program restrictions	514,573	-	(514,573)	-
Satisfaction of time restrictions	50,000	-	(50,000)	-
Total support and revenue	<u>1,058,319</u>	<u>67,000</u>	<u>70,844</u>	<u>1,196,163</u>
<b>EXPENSES</b>				
Program services	745,932	-	-	745,932
Management and general	70,079	-	-	70,079
Fundraising	139,422	-	-	139,422
Total expenses	<u>955,433</u>	<u>-</u>	<u>-</u>	<u>955,433</u>
CHANGE IN NET ASSETS	102,886	67,000	70,844	240,730
<b>NET ASSETS</b>				
Beginning of the year	153,197	-	924,671	1,077,868
End of the year	<u>\$ 256,083</u>	<u>\$ 67,000</u>	<u>\$ 995,515</u>	<u>\$ 1,318,598</u>

**MOBILITY OUTREACH INTERNATIONAL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Board Designated	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>				
Grants	\$ 3,155	\$ -	\$ 294,221	\$ 297,376
Contributions	28,474	-	84,351	112,825
Special events income, net of expenses of \$39,746	306,617	-	-	306,617
In-kind contributions	77,375	-	-	77,375
Program fees	25,279	-	-	25,279
Investment return	3,080	-	-	3,080
	<u>443,980</u>	<u>-</u>	<u>378,572</u>	<u>822,552</u>
Net assets released from restrictions				
Satisfaction of program restrictions	594,881	-	(594,881)	-
	<u>1,038,861</u>	<u>-</u>	<u>(216,309)</u>	<u>822,552</u>
<b>EXPENSES</b>				
Program services	785,388	-	-	785,388
Management and general	107,820	-	-	107,820
Fundraising	108,600	-	-	108,600
Total expenses	<u>1,001,808</u>	<u>-</u>	<u>-</u>	<u>1,001,808</u>
CHANGE IN NET ASSETS	37,053	-	(216,309)	(179,256)
<b>NET ASSETS</b>				
Beginning of the year	<u>116,144</u>	<u>-</u>	<u>1,140,980</u>	<u>1,257,124</u>
End of the year	<u>\$ 153,197</u>	<u>\$ -</u>	<u>\$ 924,671</u>	<u>\$ 1,077,868</u>

*See accompanying notes to financial statements.*

**MOBILITY OUTREACH INTERNATIONAL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2014**

	Program Services	Support Services			Total
		Management and General	Fundraising	Total	
Salaries	\$ 219,662	\$ 30,538	\$ 53,731	\$ 84,269	\$ 303,931
Benefits	25,693	1,603	3,589	5,192	30,885
Payroll taxes	19,453	2,927	5,061	7,988	27,441
	<u>264,808</u>	<u>35,068</u>	<u>62,381</u>	<u>97,449</u>	<u>362,257</u>
Foreign grants	326,169	-	-	-	326,169
Travel and transportation	46,662	68	2,668	2,736	49,398
Consultants	11,070	1,708	32,628	34,336	45,406
Rent and utilities	26,048	3,631	6,441	10,072	36,120
Materials and supplies	15,794	782	11,066	11,848	27,642
Accounting fees	-	22,900	-	22,900	22,900
Taxes, fees, dues and bank charges	8,109	2,079	10,604	12,683	20,792
In-kind supplies	16,750	-	-	-	16,750
In-kind services	11,980	-	-	-	11,980
Printing	1,318	145	7,488	7,633	8,951
Communications	7,511	396	656	1,052	8,563
Trainings and meetings	4,706	581	1,157	1,738	6,444
Postage and shipping	2,067	351	1,678	2,029	4,096
Advertising	259	106	2,189	2,295	2,554
Insurance	1,798	251	445	696	2,494
Bad debt	-	2,000	-	2,000	2,000
Office equipment and computers	883	13	21	34	917
	<u>\$ 745,932</u>	<u>\$ 70,079</u>	<u>\$ 139,422</u>	<u>\$ 209,501</u>	<u>\$ 955,433</u>

**MOBILITY OUTREACH INTERNATIONAL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2013**

	Program Services	Support Services			Total
		Management and General	Fundraising	Total	
Salaries	\$ 221,893	\$ 55,230	\$ 41,017	\$ 96,247	\$ 318,140
Benefits	24,309	11,214	7,261	18,475	42,784
Payroll taxes	19,962	5,222	3,645	8,867	28,829
	<u>266,164</u>	<u>71,666</u>	<u>51,923</u>	<u>123,589</u>	<u>389,753</u>
Foreign grants	320,430	-	-	-	320,430
Travel and transportation	48,816	100	448	548	49,364
Consultants	13,266	3,233	14,473	17,706	30,972
Rent and utilities	30,566	7,737	14,574	22,311	52,877
Materials and supplies	513	-	3,762	3,762	4,275
Accounting fees	7,171	1,097	10,250	11,347	18,518
Taxes, fees, dues and bank charges	13,949	546	9,192	9,738	23,687
In-kind supplies	11,752	1,593	-	1,593	13,345
In-kind services	54,000	-	1,000	1,000	55,000
Printing	8,857	1,136	814	1,950	10,807
Communications	-	18,338	-	18,338	18,338
Trainings and meetings	1,837	481	309	790	2,627
Postage and shipping	1,408	244	351	595	2,003
Advertising	146	-	322	322	468
Insurance	1,574	399	286	685	2,259
Office equipment and computers	2,370	600	430	1,030	3,400
Maintenance, repairs and rentals	2,569	650	466	1,116	3,685
	<u>\$ 785,388</u>	<u>\$ 107,820</u>	<u>\$ 108,600</u>	<u>\$ 216,420</u>	<u>\$ 1,001,808</u>

**MOBILITY OUTREACH INTERNATIONAL**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants and contributions	\$ 817,063	\$ 918,806
Cash received from program fees	33,900	21,162
Cash received from investments	6,718	1,029
Cash paid to employees and suppliers	(925,027)	(925,436)
	(67,346)	15,561
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(6,185)	(729)
Sale of investments	-	100,000
	(6,185)	99,271
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(73,531)	114,832
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	160,431	45,599
End of the year	\$ 86,900	\$ 160,431



**MOBILITY OUTREACH INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities** – Mobility Outreach International (MOi or the Organization), established in 1989, is an international, nonprofit organization based in Seattle, Washington, committed to helping physically disabled children and adults live independent, productive lives.

MOi strengthens the capacity of low and middle income countries to provide prosthetic and orthotic services, physical rehabilitation, orthopedic surgeries and the treatment of children with clubfoot. By offering training and facilitating the in-country production of prosthetics and orthotics, we ensure the long-term sustainability of our innovative approach to care.

Mobility Outreach International works in the most neglected areas of the world, including Vietnam, Bangladesh, Sierra Leone, and Haiti. We have empowered more than 20,000 people to walk, providing them with not just mobility but hope.

In 2014, MOi continued to invest in building local capacity by providing technical assistance, infrastructure rehabilitation, treatment support and clinical training in Vietnam, Sierra Leone, Haiti and Bangladesh.

In 2014, MOi accomplished the following:

- Served 1130 patients;
- Provided 339 individuals with a limb or a brace;
- Provided orthopedic surgery to 87 individuals;
- Began clubfoot treatment for 704 children;
- Provided Ebola protective gear (gloves, masks and aprons) to Makeni Government Hospital during shortage period in Sierra Leone;
- Incorporated the Ponseti Method into The Vietnamese Ministry of Health’s list of required treatments;
- Covered educational costs for our Haitian prosthetist/orthotist candidate who has successfully completed all five training courses and is prepping for his certification exam; and
- Continued partnership with the Nalta Hospital, which is the only hospital providing rehabilitation services in southwest Bangladesh.

**Basis of Accounting and Presentation** – The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to three classes of net assets, depending on the existence and nature of donor restrictions: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets at December 31, 2014 and 2013.

**Cash and Cash Equivalents** – For purpose of the statements of cash flows, the Organization considers all bank accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents include checking and money market accounts deposited with major financial institutions.

**MOBILITY OUTREACH INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

**Investments** – The Organization carries investments with readily determinable fair values at their fair values in the statements of financial position. Investments consist of money market funds and equity securities. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

**Fair Value Measurements** – The Organization has adopted Statement of Financial Accounting Standards Board Codification 820-10, Fair Value Measurements (“FASB ASC 820-10”). FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value and expands disclosures about financial instruments. In addition, FASB ASC 820-10 establishes a hierarchy that classifies the inputs used to calculate fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active for identical assets or liabilities, quoted prices in active markets for similar assets or liabilities, and inputs other than quoted prices that are directly observable or indirectly through corroboration with observable market data;

Level 3 Inputs that are both significant to the fair value measurement and unobservable, including investment specific inputs that are not derived from market data and inputs that cannot be corroborated by market data. The determination of fair value for investments included in the level 3 category requires considerable subjectivity and estimation.

Fair value measurements apply to the Organization’s equity securities, which are classified within level 1 of the fair value hierarchy.

**Pledges Receivable** – Pledges receivable are unconditional promises to give that are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Pledges receivable that are expected to be collected within one year are recorded a net realizable value. Pledges receivable that are expected to be collected in more than one year are initially recorded at fair value, which is measured at the present value of their future cash flow. No allowance for uncollectible balances has been established by management based on the Organization’s historical experience in the collection of balances due.

**Revenue Recognition** – Grants and contributions are recorded as increases in unrestricted or restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a purpose restriction is accomplished or a stipulated time period has passed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Program fees are recorded as revenue when the required service is provided.

**MOBILITY OUTREACH INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

**In-kind Contributions** – In-kind supplies are recognized as revenue and corresponding expense at the estimated fair value at the date of donation. In-kind services are recognized as revenue and corresponding expense if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

**Functional Expenses** – The costs of providing various programs 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.

**Estimates** – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Income Tax Status** – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an Organization other than a private foundation under Section 509(a)(1).

The Organization files information and tax returns in the U.S. federal jurisdiction, and state and local jurisdictions. The Organization is subject to U.S. federal, state and local examinations by tax authorities for the current year and certain prior years based on applicable laws and regulations.

**Reclassifications** – Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

**Subsequent Events** – Subsequent events were evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

**MOBILITY OUTREACH INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**Note 2 – Cash Flow Information**

The following reconciles the change in net assets to net cash used by operating activities for the years ended December 31:

	2014	2013
Change in net assets	\$ 240,730	\$ (179,256)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Unrealized (gain) loss on investments	2,667	(2,051)
Donated stock	-	(2,145)
Change in:		
Accounts and other receivables	6,788	(4,117)
Pledges receivable	(319,207)	204,133
Prepays and deposits	(95)	(2,388)
Accounts payable	(401)	4,688
Accrued expenses	2,172	(3,303)
	\$ (67,346)	\$ 15,561

**Note 3 – Pledges Receivable**

Pledges receivable are as follows at December 31:

	2014	2013
Receivable in one year or less	\$ 280,000	\$ 240,000
Receivable in one to five years	344,500	50,000
	624,500	290,000
Less discounts to net present value	(16,760)	(1,467)
	\$ 607,740	\$ 288,533

The Organization uses a rate of 2.0% to calculate the present value of receivables due in more than one year.

**MOBILITY OUTREACH INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**Note 4 – Investments**

Investments consist of the following as of December 31:

	2014	2013
Money market funds	\$ 629,362	\$ 617,592
Equity securities	11,355	19,607
	<u>\$ 640,717</u>	<u>\$ 637,199</u>

Investment return is summarized as follows for the years ended December 31:

	2014	2013
Interest and dividends	\$ 1,154	\$ 1,029
Realized gain	5,564	-
Unrealized gain (loss)	(2,667)	2,051
	<u>\$ 4,051</u>	<u>\$ 3,080</u>

**Note 5 – Operating Leases**

The Organization has a noncancelable operating lease for the rental of its Seattle office space, expiring in October 2018. Rent expense under this lease agreement was \$36,120 and \$9,030 for the years ended December 31, 2014 and 2013, respectively. Future minimum lease payments under this lease are as follows for the years ending December 31:

2015	\$ 37,410
2016	38,700
2017	39,990
2018	41,280
	<u>\$ 157,380</u>

**Note 6 – Board Designated Net Assets**

The Board of Directors has designated \$67,000 of otherwise unrestricted net assets for use in future year's programs.

**MOBILITY OUTREACH INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**Note 7 – Temporarily Restricted Net Assets**

Temporarily restricted net assets are included in cash and cash equivalents, investments, and pledges receivable and consist of the following at December 31:

	2014	2013
Global	\$ 527,559	\$ 397,430
Bangladesh (Bagby)	304,953	304,953
Sierra Leone	50,000	100,676
Vietnam	8,000	58,102
Haiti	1,016	13,510
Time restricted	103,987	50,000
	<u>\$ 995,515</u>	<u>\$ 924,671</u>

**Note 8 – In-kind Contributions**

In-kind contributions consist of the following for the year ended December 31:

	2014	2013
Outreach services	\$ 11,980	\$ 54,000
Outreach supplies	16,750	13,345
Donated facilities	-	9,030
Fundraising services	-	1,000
	<u>\$ 28,730</u>	<u>\$ 77,375</u>

**Note 9 – Concentrations**

During the year ended December 31, 2014, the Organization received 42% of its total support and revenue from one Foundation. At December 31, 2014, 82% of pledges receivable were due from one Foundation. No similar concentrations existed for the year ended December 31, 2013.