

**MOBILITY OUTREACH INTERNATIONAL**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2015 AND 2014**



## 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, 2015 and 2014, 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 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.

*Jones & Associates LLC, CPAs*

Jones & Associates, LLC CPAs  
June 21, 2016

**MOBILITY OUTREACH INTERNATIONAL**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 257,038	\$ 86,900
Investments	538,514	640,717
Pledges receivable, current	218,305	280,000
Prepays and deposits	15,225	13,744
Total current assets	1,029,082	1,021,361
<b>LONG-TERM ASSETS</b>		
Pledges receivable, long-term	168,249	327,740
	\$ 1,197,331	\$ 1,349,101
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,935	\$ 13,136
Accrued expenses	16,443	17,367
Total current liabilities	21,378	30,503
<b>NET ASSETS</b>		
Unrestricted undesignated	117,275	256,083
Unrestricted board designated	-	67,000
Temporarily restricted	1,058,678	995,515
	1,175,953	1,318,598
	\$ 1,197,331	\$ 1,349,101

**MOBILITY OUTREACH INTERNATIONAL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Board Designated	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>				
Grants	\$ 96,209	\$ -	\$ 98,855	\$ 195,064
Contributions	13,736	-	205,661	219,397
Special events income, net of expenses of \$41,598	186,954	-	162,000	348,954
In-kind contributions	11,037	-	-	11,037
Program fees	28,278	-	-	28,278
Investment return	14	-	-	14
	<u>336,228</u>	<u>-</u>	<u>466,516</u>	<u>802,744</u>
Net assets released from restrictions				
Satisfaction of program restrictions	299,366	-	(299,366)	-
Satisfaction of time restrictions	170,987	(67,000)	(103,987)	-
Total support and revenue	<u>806,581</u>	<u>(67,000)</u>	<u>63,163</u>	<u>802,744</u>
<b>EXPENSES</b>				
Program services	758,305	-	-	758,305
Management and general	65,115	-	-	65,115
Fundraising	121,969	-	-	121,969
Total expenses	<u>945,389</u>	<u>-</u>	<u>-</u>	<u>945,389</u>
<b>CHANGE IN NET ASSETS</b>	(138,808)	(67,000)	63,163	(142,645)
<b>NET ASSETS</b>				
Beginning of the year	256,083	67,000	995,515	1,318,598
End of the year	<u>\$ 117,275</u>	<u>\$ -</u>	<u>\$ 1,058,678</u>	<u>\$ 1,175,953</u>

**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 asset:	(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>
<b>CHANGE IN NET ASSETS</b>	102,886	67,000	70,844	240,730
<b>NET ASSETS</b>				
Beginning of the year	<u>153,197</u>	<u>-</u>	<u>924,671</u>	<u>1,077,868</u>
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 FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2015**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries	\$ 278,523	\$ 31,690	\$ 67,046	\$ 377,259
Benefits	29,639	1,379	4,014	35,032
Payroll taxes	25,516	3,032	6,405	34,953
	<u>333,678</u>	<u>36,101</u>	<u>77,465</u>	<u>447,244</u>
Foreign grants	304,616	-	-	304,616
Travel and transportation	39,840	17	853	40,710
Rent and utilities	28,198	2,470	6,635	37,303
Accounting fees	-	22,853	-	22,853
Materials and supplies	13,612	178	6,986	20,776
Taxes, fees, dues and bank charges	8,351	2,331	9,735	20,417
Consultants	6,602	391	7,354	14,347
In-kind supplies	9,600	-	-	9,600
Printing	508	191	7,776	8,475
Communications	6,480	235	630	7,345
Insurance	2,342	207	551	3,100
Trainings and meetings	1,848	35	679	2,562
Postage and shipping	1,065	71	689	1,825
Advertising	-	-	1,528	1,528
In-kind services	330	30	1,077	1,437
Office equipment and computers	1,235	5	11	1,251
	<u>\$ 758,305</u>	<u>\$ 65,115</u>	<u>\$ 121,969</u>	<u>\$ 945,389</u>

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

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

**MOBILITY OUTREACH INTERNATIONAL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants and contributions	\$ 984,601	\$ 817,063
Cash received from program fees	28,278	33,900
Cash received from investments	3,101	6,718
Cash paid to employees and suppliers	(944,958)	(925,027)
	71,022	(67,346)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(664,516)	(6,185)
Sale of investments	763,632	-
	99,116	(6,185)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 170,138	 (73,531)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	86,900	160,431
End of the year	\$ 257,038	\$ 86,900



**MOBILITY OUTREACH INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

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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 2015, 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 2015, MOi accomplished the following:

- Served 1205 patients;
- Provided 209 individuals with a limb or a brace;
- Provided orthopedic surgery to 57 individuals;
- Treated 939 children with clubfoot;
- Established a new Repair Station Program – 4 stations opened in Sierra Leone, 2 opened in Haiti
- Established a new Mobile Health System to monitor and evaluate patient history, progress, and outcomes in Haiti and Vietnam
- Continued partnership with the Nalta Hospital, which is the only hospital providing rehabilitation services in the southwest region of 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, 2015 and 2014.

**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, 2015 AND 2014**

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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.

**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 at 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.

**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.

**MOBILITY OUTREACH INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

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

**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.

**Note 2 – Cash Flow Information**

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

	2015	2014
Change in net assets	\$ (142,645)	\$ 240,730
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized loss on investments	3,087	2,667
Change in:		
Accounts and other receivables	-	6,788
Pledges receivable	221,186	(319,207)
Prepays and deposits	(1,481)	(95)
Accounts payable	(8,201)	(401)
Accrued expenses	(924)	2,172
	\$ 71,022	\$ (67,346)

**Note 3 – Investments and Fair Value Measurements**

Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1     Unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2     Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.
- Level 3     Inputs that are not observable that reflect management’s assumptions and estimates.

Fair value measurements apply to the Organization’s equity securities and real estate investment trust funds which are classified within level 1 of the fair value hierarchy as they are traded in active markets.

**MOBILITY OUTREACH INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**Note 3 – Investments and Fair Value Measurements (continued)**

Investments consist of the following as of December 31:

	2015	2014
Money market funds	\$ 496,872	\$ 629,362
Equity securities	36,479	11,355
REIT funds	5,163	-
Total investments	<u>\$ 538,514</u>	<u>\$ 640,717</u>

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

	2015	2014
Interest and dividends	\$ 3,496	\$ 1,154
Realized gain (loss)	(395)	5,564
Unrealized loss	(3,087)	(2,667)
	<u>\$ 14</u>	<u>\$ 4,051</u>

**Note 4 – Pledges Receivable**

Pledges receivable are as follows at December 31:

	2015	2014
Receivable in one year or less	\$ 218,305	\$ 280,000
Receivable in one to five years	179,500	344,500
	<u>397,805</u>	<u>624,500</u>
Less discounts to net present value	(11,251)	(16,760)
	<u>\$ 386,554</u>	<u>\$ 607,740</u>

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

**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 \$37,303 and \$36,120 for the years ended December 31, 2015 and 2014, respectively. Future minimum lease payments under this lease are as follows for the years ending December 31:

2016	\$ 38,700
2017	39,990
2018	41,280
	<u>\$ 119,970</u>

**MOBILITY OUTREACH INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

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**Note 6 – Board Designated Net Assets**

At December 31, 2014, the Board of Directors had designated \$67,000 of otherwise unrestricted net assets for use in future year’s programs, which was used in 2015.

**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:

	2015	2014
Global	\$ 369,269	\$ 527,559
Bangladesh (Bagby)	293,076	304,953
Development	196,100	-
Monitoring and evaluation	80,000	-
Sierra Leone	46,602	50,000
Haiti	39,746	1,016
Vietnam	33,885	8,000
Time restricted	-	103,987
	\$ 1,058,678	\$ 995,515

**Note 8 – In-kind Contributions**

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

	2015	2014
Outreach services	\$ 1,437	\$ 11,980
Outreach supplies	9,600	16,750
	\$ 11,037	\$ 28,730

**Note 9 – Concentrations**

At December 31, 2015 and 2014, 86% and 82% of pledges receivable, respectively, were due from one Foundation.