

MOBILITY OUTREACH INTERNATIONAL

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2016 AND 2015



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, 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.

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, 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.

Jones & Associates LLC, CPAs

Jones & Associates, LLC CPAs
June 22, 2017

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MOBILITY OUTREACH INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 111,751	\$ 257,038
Investments	552,358	538,514
Pledges receivable, current	274,756	218,305
Prepays and deposits	20,549	15,225
Total current assets	959,414	1,029,082
LONG-TERM ASSETS		
Pledges receivable, long-term	-	168,249
	\$ 959,414	\$ 1,197,331
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,263	\$ 4,935
Accrued expenses	9,829	16,443
Deferred income	1,300	-
Total current liabilities	13,392	21,378
NET ASSETS		
Unrestricted	364,540	117,275
Temporarily restricted	581,482	1,058,678
	946,022	1,175,953
	\$ 959,414	\$ 1,197,331

See accompanying notes to financial statements.

**MOBILITY OUTREACH INTERNATIONAL
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Grants	\$ 74,251	\$ 236,429	\$ 310,680
Contributions	90,564	5,712	96,276
Special events income, net of expenses of \$40,445	183,284	-	183,284
In-kind contributions	-	23,549	23,549
Program fees	25,366	-	25,366
Investment return and other	1,162	7,546	8,708
	<u>374,627</u>	<u>273,236</u>	<u>647,863</u>
Net assets released from restrictions			
Satisfaction of program restrictions	750,432	(750,432)	-
Total support and revenue	<u>1,125,059</u>	<u>(477,196)</u>	<u>647,863</u>
EXPENSES			
Program services	707,703	-	707,703
Management and general	65,224	-	65,224
Fundraising	104,867	-	104,867
Total expenses	<u>877,794</u>	<u>-</u>	<u>877,794</u>
CHANGE IN NET ASSETS	247,265	(477,196)	(229,931)
NET ASSETS			
Beginning of the year	<u>117,275</u>	<u>1,058,678</u>	<u>1,175,953</u>
End of the year	<u>\$ 364,540</u>	<u>\$ 581,482</u>	<u>\$ 946,022</u>

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

	Unrestricted	Board Designated	Temporarily Restricted	Total
SUPPORT AND REVENUE				
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>
EXPENSES				
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>
CHANGE IN NET ASSETS	(138,808)	(67,000)	63,163	(142,645)
NET ASSETS				
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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries	\$ 183,084	\$ 12,269	\$ 10,913	\$ 206,266
Benefits	23,615	402	222	24,239
Payroll taxes	16,817	1,316	1,139	19,272
	<u>223,516</u>	<u>13,987</u>	<u>12,274</u>	<u>249,777</u>
Foreign grants	312,404	-	-	312,404
Consultants	55,110	15,023	48,795	118,928
Travel and transportation	34,330	2,161	9,069	45,560
Rent and utilities	31,201	2,875	4,623	38,699
Accounting fees	-	24,965	-	24,965
In-kind supplies	23,290	-	39	23,329
Taxes, fees, dues and bank charges	7,910	2,341	10,007	20,258
Materials and supplies	5,394	232	11,217	16,843
Communications	8,716	310	499	9,525
Printing	90	1,448	6,063	7,601
Insurance	2,624	299	389	3,312
Trainings and meetings	1,400	1,061	92	2,553
Postage and shipping	673	81	1,345	2,099
Advertising	736	128	409	1,273
Office equipment and computers	309	29	46	384
In-kind services	-	219	-	219
Miscellaneous	-	65	-	65
	<u>\$ 707,703</u>	<u>\$ 65,224</u>	<u>\$ 104,867</u>	<u>\$ 877,794</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
Consultants	6,602	391	7,354	14,347
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
In-kind supplies	9,600	-	-	9,600
Taxes, fees, dues and bank charges	8,351	2,331	9,735	20,417
Materials and supplies	13,612	178	6,986	20,776
Communications	6,480	235	630	7,345
Printing	508	191	7,776	8,475
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
Office equipment and computers	1,235	5	11	1,251
In-kind services	330	30	1,077	1,437
	<u>\$ 758,305</u>	<u>\$ 65,115</u>	<u>\$ 121,969</u>	<u>\$ 945,389</u>

MOBILITY OUTREACH INTERNATIONAL
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contributions	\$ 702,038	\$ 984,601
Cash received from program fees	26,666	28,278
Cash received from investments and other	7,672	3,101
Cash paid to employees and suppliers	(868,855)	(944,958)
	<u>(132,479)</u>	<u>71,022</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(12,808)	(664,516)
Sale of investments	-	763,632
	<u>(12,808)</u>	<u>99,116</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(145,287)	170,138
CASH AND CASH EQUIVALENTS		
Beginning of the year	257,038	86,900
End of the year	<u>\$ 111,751</u>	<u>\$ 257,038</u>

MOBILITY OUTREACH INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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 26,000 people to walk, providing them with not just mobility but hope.

In 2016, 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 2016, MOi accomplished the following:

- Served 4,862 beneficiaries;
- Provided 145 individuals with a limb or a brace in Haiti & Sierra Leone;
- Provided orthopedic surgery to 66 individuals;
- Treated 2,527 children with clubfoot;
- Added additional Mobile Repair Centers (Repair Stations) in Haiti and Sierra Leone – a total of 2,124 beneficiaries were served;
- Continued partnership with the Nalta Hospital, which is the only hospital providing rehabilitation services in the southwest region of Bangladesh;
- Continued negotiations with Miraclefeet (NGO peer) to collaborate on a new countrywide clubfoot program in Senegal, West Africa – received board approval for expansion to begin early 2017.

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, 2016 and 2015.

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, 2016 AND 2015

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, 2016 AND 2015

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:

	2016	2015
Change in net assets	\$ (229,931)	\$ (142,645)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized gain (loss) on investments	(1,036)	3,087
Change in:		
Pledges receivable	111,798	221,186
Prepays and deposits	(5,324)	(1,481)
Accounts payable	(2,672)	(8,201)
Accrued expenses	(6,614)	(924)
Deferred income	1,300	-
	\$ (132,479)	\$ 71,022

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.

MOBILITY OUTREACH INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 3 – Investments and Fair Value Measurements (Continued)

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.

Investments consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 534,550	\$ 496,872
Equity securities	12,522	36,479
REIT funds	5,286	5,163
Total investments	<u>\$ 552,358</u>	<u>\$ 538,514</u>

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

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 1,849	\$ 3,496
Realized gain (loss)	4,785	(395)
Unrealized gain (loss)	1,036	(3,087)
	<u>\$ 7,670</u>	<u>\$ 14</u>

Note 4 – Pledges Receivable

Pledges receivable are as follows at December 31:

	<u>2016</u>	<u>2015</u>
Receivable in one year or less	\$ 274,756	\$ 218,305
Receivable in one to five years	-	179,500
	<u>274,756</u>	<u>397,805</u>
Less discounts to net present value	-	(11,251)
	<u>\$ 274,756</u>	<u>\$ 386,554</u>

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, 2016 AND 2015

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 \$38,700 and \$37,303 for the years ended December 31, 2016 and 2015, respectively. Future minimum lease payments under this lease are as follows for the years ending December 31:

	2017	\$	39,990
	2018		41,280
		<u>\$</u>	<u>81,270</u>

Note 6 – 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:

	2016	2015
Global (Bagby)	\$ 240,622	\$ -
Global	208,250	369,269
Sierra Leone	70,176	46,602
Haiti	26,499	39,746
Vietnam	25,935	33,885
Senegal	10,000	-
Development	-	196,100
Monitoring and evaluation	-	80,000
Bangladesh (Bagby)	-	293,076
	<u>\$ 581,482</u>	<u>\$ 1,058,678</u>

Note 7 – In-kind Contributions

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

	2016	2015
Outreach services	\$ 219	\$ 1,437
Outreach supplies	23,330	9,600
	<u>\$ 23,549</u>	<u>\$ 11,037</u>

**MOBILITY OUTREACH INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

Note 8 – Concentrations

At December 31, 2016 and 2015, 70% and 86% of pledges receivable, respectively, were due from one Foundation.