

WORLD HELP
Forest, Virginia

Financial Statements
For years ended
December 31, 2009 and 2008

**(Including Independent Auditor's
Report Thereon)**

Not-for-Profit Organization

WORLD HELP

Officers

F. Vernon Brewer	President
Lester E. "Skip" Taylor	Chairman
D. Tom Thompson	Vice President
Noel Yeatts	Secretary

Board of Directors

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WORLD HELP

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Report of Independent Auditor

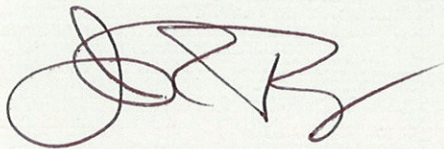
P.O. Box 243⁻¹⁻
Forest, VA 24551
PH (434) 525-1218
FAX (434) 525-1620

The Board of Directors
World Help
Forest, Virginia

I have audited the accompanying statements of financial position of World Help (“the Organization”) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Association’s management. My responsibility is to express an opinion on these financial statements based on my audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Help as of December 31, 2009 and 2008, and the results of its activities and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Forest, Virginia
April 8, 2010

WORLD HELP
Statements of Financial Position
December 31, 2009 and 2008

	Assets	
	<u>2009</u>	<u>2008</u>
Current assets		
Cash and cash equivalents	\$ 393,753	\$ 347,814
Investments	537,791	456,668
Accounts receivable		
Government grants	42,690	0
Pledges receivable	369,675	385,220
Employee receivable	3,762	5,996
Prepaid expenses	55,138	3,064
Inventory	78,102	58,078
Total current assets	<u>1,480,911</u>	<u>1,256,840</u>
Property and equipment	2,123,682	2,170,967
Less accumulated depreciation	1,081,717	1,053,263
Net property and equipment	<u>1,041,965</u>	<u>1,117,704</u>
Other assets		
Endowment	81,926	76,977
Total assets	<u>\$ 2,604,802</u>	<u>\$ 2,451,521</u>
	Liabilities and net assets	
Current liabilities		
Accounts payable	\$ 757,073	\$ 719,740
Current maturities of Notes payable	192,079	198,694
Notes payable – Short-term	0	197,119
Accrued payroll and payroll taxes	40,645	38,843
Accrued expense-other	98,386	19,990
Total current liabilities	<u>1,088,183</u>	<u>1,174,386</u>
Long-term debt		
Notes Payable (net of current maturities)	<u>634,555</u>	<u>825,016</u>
Net assets		
Unrestricted	(482,993)	(1,072,908)
Temporarily restricted	1,300,757	1,460,727
Permanently restricted	64,300	64,300
Total net assets	<u>882,064</u>	<u>452,119</u>
Total liabilities and net assets	<u>\$ 2,604,802</u>	<u>\$ 2,451,521</u>

See Accompanying Notes and Independent Auditor's Report.

WORLD HELP
Statements of Activities
Years ended December 31, 2009 and 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Permanently Restricted</u>	<u>Total</u>
Revenue and other support				
Contributions				
Cash	\$ 8,340,498	\$ 1,300,757	\$ 0	\$ 9,641,255
Gifts-in-kind	64,802,960	0	0	64,802,960
Grants				
Cash	327,745	0	0	327,745
Gifts-in-kind	519,300	0	0	519,300
Product sales	143,666	0	0	143,666
Investment income	18,335	0	0	18,335
Net realized/unrealized gains (loss) on investments	111,847	0	0	111,847
Net assets released from restrictions	1,460,727	(1,460,727)	0	0
Total revenue and support	<u>75,725,078</u>	<u>(159,970)</u>	<u>0</u>	<u>75,565,108</u>
Expenses				
Program services				
International ministries	71,225,595	0	0	71,225,595
Outreach ministries	1,375,620	0	0	1,375,620
Grants and donations	50	0	0	50
Supporting services				
General and administrative	1,858,321	0	0	1,858,321
Fundraising	675,577	0	0	675,577
Total expenses	<u>75,135,163</u>	<u>0</u>	<u>0</u>	<u>75,135,163</u>
Increase (decrease) in net assets	589,915	(159,970)	0	429,945
Net assets at beginning of year	<u>(1,072,908)</u>	<u>1,460,727</u>	<u>64,300</u>	<u>452,119</u>
Net assets at end of year	<u>\$ (482,993)</u>	<u>\$ 1,300,757</u>	<u>\$ 64,300</u>	<u>\$ 882,064</u>

See Accompanying Notes and Independent Auditor's Report.

WORLD HELP
Statements of Activities
Years ended December 31, 2009 and 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Permanently Restricted</u>	<u>Total</u>
Revenue and other support				
Contributions				
Cash	\$ 8,644,289	\$ 1,460,727	\$ 0	\$ 10,105,016
Gifts-in-kind	12,213,981	0	0	12,213,981
Grants				
Cash	99,150	0	0	99,150
Gifts-in-kind	173,100	0	0	173,100
Product sales	176,291	0	0	176,291
Investment income	31,260	0	0	31,260
Net realized/unrealized gains (loss) on investments	(187,701)	0	0	(187,701)
Net assets released from restrictions	1,376,319	(1,376,319)	0	0
Total revenue and support	<u>22,526,689</u>	<u>84,408</u>	<u>0</u>	<u>22,611,097</u>
Expenses				
Program services				
International ministries	18,872,269	0	0	18,872,269
Outreach ministries	2,341,712	0	0	2,341,712
Grants and donations	4,500	0	0	4,500
Supporting services				
General and administrative	1,537,816	0	0	1,537,816
Fundraising	654,610	0	0	654,610
Total expenses	<u>23,410,907</u>	<u>0</u>	<u>0</u>	<u>23,410,907</u>
Increase (decrease) in net assets	(884,218)	84,408	0	(799,810)
Net assets at beginning of year	<u>(188,690)</u>	<u>1,376,319</u>	<u>64,300</u>	<u>1,251,929</u>
Net assets at end of year	<u>\$ (1,072,908)</u>	<u>\$ 1,460,727</u>	<u>\$ 64,300</u>	<u>\$ 452,119</u>

See Accompanying Notes and Independent Auditor's Report.

WORLD HELP
Statements of Functional Expenses
Years ended December 31, 2009 and 2008
2009

	International Ministries	Outreach Ministries	Total Program Services	Management and General	Fundraising	Total
Printing/Mailing	\$ 6,615	\$ 10,245	\$ 16,860	\$ 1,019	\$ 154,625	\$ 172,504
Postage/Freight	305,130	21,493	326,623	6,285	80,815	413,723
Payroll and payroll tax	527,304	504,776	1,032,080	1,214,285	229,241	2,475,606
Employee benefits	43,323	41,473	84,796	99,766	18,835	203,397
Rent	33,284	13,473	46,757	10,630	1,181	58,568
Office supplies	149,778	67,528	217,306	71,147	7,197	295,650
Telephone	19,711	9,465	29,176	26,017	0	55,193
Utilities	14,610	4,120	18,730	3,708	412	22,850
Ministry projects	4,670,888	458,172	5,129,060	90,016	38,033	5,257,109
Humanitarian aid	65,322,260	0	65,322,260	0	0	65,322,260
Accounting fees	4,601	4,404	9,005	10,595	2,000	21,600
Professional fees	28,377	8,572	36,949	113,555	131,862	282,366
Promotional items	62	365	427	16,294	0	16,721
Insurance	40,895	28,479	69,374	28,200	0	97,574
Repairs/Maintenance	4,539	61,994	66,533	62,340	0	128,873
Taxes and Licenses	2,544	4,215	6,759	20,610	0	27,369
Dues/Publications	5,332	3,951	9,283	27,277	438	36,998
Interest expense	14,584	34,077	48,661	6,415	0	55,076
Depreciation	31,638	98,439	130,077	49,554	10,938	190,569
Miscellaneous	120	379	499	608	0	1,107
Total expenses	<u>71,225,595</u>	<u>1,375,620</u>	<u>72,601,215</u>	<u>1,858,321</u>	<u>675,577</u>	<u>75,135,113</u>

Donations and Grants
Total Expenses

50
\$ 75,135,163

See Accompanying Notes and Independent Auditor's Report.

WORLD HELP
Statements of Functional Expenses
Years ended December 31, 2009 and 2008
2008

	International Ministries	Outreach Ministries	Total Program Services	Management and General	Fundraising	Total
Printing/Mailing	\$ 12,119	\$ 44,920	\$ 57,039	\$ 844	\$ 271,409	\$ 329,292
Postage/Freight	217,007	28,049	245,056	32,296	133,384	410,736
Payroll and payroll tax	550,354	1,106,732	1,657,086	789,519	62,991	2,509,596
Employee benefits	40,400	81,241	121,641	57,956	4,624	184,221
Rent	41,117	12,972	54,089	10,618	1,509	66,216
Office Supplies	110,638	86,562	197,200	79,367	6,335	282,902
Telephone	26,688	13,159	39,847	20,287	0	60,134
Utilities	13,446	3,442	16,888	3,193	355	20,436
Ministry projects	5,154,453	593,306	5,747,759	177,492	49,751	5,975,002
Product costs	99,414	65,128	164,542	6,250	2,460	173,252
Humanitarian Aid	12,387,081	0	12,387,081	0	0	12,387,081
Accounting fees	4,737	9,526	14,263	6,795	542	21,600
Professional fees	132,557	7,005	139,562	161,988	106,132	407,682
Promotional items	125	2,293	2,418	13,885	0	16,303
Insurance	5,493	52,705	58,198	42,027	0	100,225
Repairs/Maintenance	7,875	49,682	57,557	58,818	0	116,375
Taxes and Licenses	1,984	5,955	7,939	14,593	0	22,532
Dues/Publications	17,039	14,947	31,986	31,552	1,273	64,811
Interest expense	16,929	38,928	55,857	10,930	0	66,787
Depreciation	32,539	124,603	157,142	18,634	13,845	189,621
Miscellaneous	274	557	831	772	0	1,603
Total expenses	\$ 18,872,269	\$ 2,341,712	\$ 21,213,981	\$ 1,537,816	\$ 654,610	\$ 23,406,407

Donations and Grants
 Total Expenses
 \$ 4,500
 \$ 23,410,907

See Accompanying Notes and Independent Auditor's Report.

WORLD HELP
Statements of Cash Flows
Years ended December 31, 2009 and 2008

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	2009	2008
Cash flows from operating activities		
Change in net assets	\$ 429,945	\$ (799,810)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Net realized/unrealized (gain) loss on investments	(78,251)	26,133
Net gain on sale of equipment	(33,597)	(6,883)
Depreciation	190,569	189,621
(Increase) decrease in receivables	(24,911)	158,705
(Increase) decrease in inventory	(75,162)	13,956
(Increase) decrease in prepaid expenses	3,064	58,175
Increase (decrease) in accounts payable	37,333	24,363
Increase (decrease) in accrued payroll and payroll taxes	1,802	14,887
Increase (decrease) in accrued expense –other	78,396	4,181
Net cash provided by (used in) operating activities	529,188	(316,672)
 Cash flows from investing activities		
Net proceeds from purchases and sales of investments	(6,669)	267,385
Net proceeds from sale of equipment	113,500	9,989
Purchase of equipment	(195,885)	(171,898)
 Net cash provided by (used in) investing activities	(89,054)	105,476
 Cash flows from financing activities		
Proceeds from short-term debt	0	350,631
Proceeds from long-term debt	0	240,983
Payment of short-term debt	(197,119)	(253,513)
Payment of long-term debt	(197,076)	(322,390)
 Net cash provided by (used in) financing activities	(394,195)	15,711
 Net increase (decrease) in cash and cash Equivalents	45,939	(195,485)
 Cash and cash equivalents at beginning of year	347,814	543,299
 Cash and cash equivalents at end of year	\$ 393,753	\$ 347,814

See Accompanying Notes and Independent Auditor's Report.

WORLD HELP
Notes to Financial Statements
December 31, 2009 and 2008

Note 1 – Nature of organization and summary of significant accounting policies

Nature of organization

World Help (the “Organization”) was established as an unincorporated not-for-profit association in 1990. The purpose of the organization is to promote the gospel of Jesus Christ by establishing a network of evangelical churches and Christian ministries worldwide and to support and provide evangelism, food, clothing, medical relief and literature distribution.

Basis of financial statement presentation

The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements follow the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, under SFAS No. 117, the Association 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.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions are recognized when the donor makes an unconditional promise to give and are recorded as restricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire during the year in which the contributions are recognized. Contributions other than cash are recorded at the estimated fair market values as of the date of the contribution.

WORLD HELP
Notes to Financial Statements
December 31, 2009 and 2008

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are carried at fair market value as of year end.

Inventories

Inventories are stated at the lower of cost (principally first-in, first-out) or market.

Property and depreciation

Property and equipment are stated in the financial statements at cost. Depreciation is computed using the straight-line method over estimated useful lives as follows:

<u>Classification</u>	<u>Estimated Useful Life</u>
Office equipment & computers	3-5 years
Office furniture	7 years
Vehicle	5 years

Income taxes

The Organization is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code except to the extent of unrelated business income. There was \$0 and \$0 income tax due on unrelated business income for the years ended December 31, 2009 and 2008 respectively.

Related party transactions

In the regular course of its operations, the Organization receives contributions from individuals serving on its Board of Directors.

WORLD HELP
Notes to Financial Statements
December 31, 2009 and 2008

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Functional expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and functional expenses. The functional expenses of the Organization's program and supporting services include those costs directly attributable to its program as well as an allocation of supporting service expenditures, which, in the estimation of management, are indirectly attributable to its programs.

In 2009 and 2008, World Help incurred joint costs of \$235,440 and \$404,793, respectively for informational materials and activities that included fund-raising appeals. Of those costs, \$235,440 and \$404,793 was allocated to fund-raising expense for 2009 and 2008, respectively.

Gifts-in-kind

The Organization receives donations of food, medical and orphanage supplies for use in World Help's humanitarian aid programs. Such gifts are recorded at their estimated fair value at the date of donation. Gifts-in-kind included in total contributions received were approximately \$65,000,000 and \$12,000,000 for the years ended December 31, 2009 and 2008, respectively.

Gifts-in-kind distributed through World Help amounted to approximately \$65,000,000 and \$12,000,000 for the years ended December 31, 2009 and 2008, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WORLD HELP
Notes to Financial Statements
December 31, 2009 and 2008

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Note 2 – Investments

Investments for the years ended December 31, 2009 and 2008 consist of the following:

	<u>2009</u>			<u>2008</u>	
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>	
Note receivable	\$ 74,278	\$ 0	\$ 74,278	\$	79,632
Mutual Funds	278,964	0	278,964		212,317
REIT	17,626	64,300	81,926		76,977
Equity portfolio	184,549	0	184,549		164,719
Total investments	<u>555,417</u>	<u>64,300</u>	<u>619,717</u>		<u>533,645</u>

Investment income from the above investments is summarized as follows:

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 18,335	\$ 31,260
Net realized and unrealized gain (loss)	<u>111,847</u>	<u>(187,701)</u>
Total	<u>130,182</u>	<u>\$ (156,441)</u>

Note 3 – Inventories

The major components of inventories at December 31, 2009 and 2008 consist of CD's cassettes, books and T-shirts. The values at cost are \$78,102 and \$58,078, respectively.

Note 4 – Property and equipment

The cost and accumulated depreciation of the various classes of property and equipment at December 31, 2009 and 2008 were as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 144,406	\$ 0	\$ 144,406	\$ 0
Building	618,659	156,772	597,109	139,367
Office Equipment	617,527	483,057	606,794	438,763
Office Furniture	89,283	69,425	91,052	63,526
Transportation Equipment	653,807	372,463	731,606	411,607
	<u>\$ 2,123,682</u>	<u>\$ 1,081,717</u>	<u>\$ 2,170,967</u>	<u>\$ 1,053,263</u>

Depreciation expense for the years ended December 31, 2009 and 2008 was \$190,569 and \$189,621 respectively.

WORLD HELP
Notes to Financial Statements
December 31, 2009 and 2008

Note 5 – Long-term debt, Notes payable

Long-term debt at December 31, 2009 and 2008 consisted of the following notes payable:

	Final <u>Maturity</u>	<u>12/31/09</u>	<u>12/31/08</u>
Note payable, bank @ prime due in monthly installments of \$5,381, secured by a Deed of Trust on the land and building.	2017	\$ 438,546	\$ 483,907
Note payable, bank @ 6.40%, due in monthly installments of \$12,918, secured by various vehicles.	2012	379,283	505,507
Notes payable, bank @ 0-6%, due in monthly installments of \$3,803, secured by vehicles.	2010	<u>8,805</u>	<u>34,296</u>
Total long-term debt		\$ 826,634	\$1,023,710
Less current maturities		<u>192,079</u>	<u>198,694</u>
		<u>\$ 634,555</u>	<u>\$ 825,016</u>

Aggregate principal payments on notes payable are scheduled as follows: 2010-\$192,079; 2011-\$193,890; 2012-\$155,467; 2013-\$54,692; 2014-\$56,480 and thereafter-\$174,026. .

At December 31, 2009 and 2008 collateral for notes payable consisted of property and equipment, which amounted to approximately \$2,100,000.

Note 6 – Operating leases

The Organization has several non-cancelable operating leases for housing, equipment and transportation equipment that expires at various dates through 2011. Rental expenses for those leases consisted of \$58,568 and \$66,216 for the years ended December 31, 2009 and 2008, respectively.

WORLD HELP
Notes to Financial Statements
December 31, 2009 and 2008

Note 7 – Endowment

For the years ended December 31, 2009 and 2008, the endowment had permanently restricted contributions totaling \$64,300 and \$64,300, respectively. The endowment had a fair market value at December 31, 2009 and 2008 of \$81,926 and \$76,977, respectively.

The components of net realized and unrealized gains for the year are as follows:

	<u>2009</u>	<u>2008</u>
Realized gains (losses)	\$ 0	\$ 1,041
Unrealized gains (losses)	4,949	135
Net realized and unrealized gains on endowment	<u>\$ 4,949</u>	<u>\$ 1,176</u>

World Help's endowment fund was established to provide assurance of future economic stability. The endowment fund requires the net earnings to be reinvested for the first three years, thereafter becoming available to World Help for unrestricted use.

Unrestricted net assets of \$17,626 have been designated by the Board of Directors as endowment funds. This amount represents the earnings on the permanently restricted net assets.

Note 8 – Income tax status

World Help is exempt from income tax under Section 501(a) of the Internal Revenue Code and has been determined to be a charitable organization under Section 501(c)(3) of the Code, which qualifies contributions, bequests, and legacies as deductions by the donor for income, estate, and gift tax purposes. An annual information return is filed with the Internal Revenue Service.

Note 9 – Cash flow information

Cash paid for interest and income taxes was as follows:

	<u>2009</u>	<u>2008</u>
Interest expense	<u>\$55,076</u>	<u>\$66,787</u>
Income taxes	<u>\$ 0</u>	<u>\$ 0</u>

WORLD HELP
Notes to Financial Statements
December 31, 2009 and 2008

Note 10 – Retirement Plan

World Help has established a SIMPLE IRA retirement plan covering all employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year. The plan allows for employee contributions to the plan up to the maximum amount allowed by the Internal Revenue Service. The organization matches 100% of each employee's contributions up to a maximum of 3% of gross wages. World Help contributed \$22,910 and \$19,729 for December 31, 2009 and 2008, respectively.