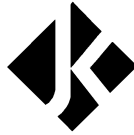


PREDISAN-USA, INC.
(“PREDISAN” and “PREDISAN HEALTH MINISTRIES”)
FINANCIAL STATEMENTS
DECEMBER 31, 2016
together with
INDEPENDENT AUDITOR’S REPORT



**Jones and Kolb
Certified Public Accountants
Atlanta, Georgia**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Predisan-USA, Inc.

We have audited the accompanying financial statements of Predisan-USA, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 Organization'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 Organization'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 Predisan-USA, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Jones and Kolb

April 27, 2017

PREDISAN-USA, INC
("PREDISAN" and "PREDISAN HEALTH MINISTRIES")
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Cash and cash equivalents	\$ 405,589
Marketable securities	297,821
Prepaid expenses	3,250
Cash surrender value of life insurance	5,575
Computer equipment, net of accumulated depreciation	<u>1,044</u>

Total assets \$ 713,279

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 11,727
Payroll liabilities	<u>4,239</u>

Total liabilities 15,966

Net assets

Unrestricted	238,638
Temporarily restricted	275,997
Permanently restricted	<u>182,678</u>

Total net assets 697,313

Total liabilities and net assets \$ 713,279

The accompanying notes are an integral part of this financial statement

PREDISAN-USA, INC
("PREDISAN" and "PREDISAN HEALTH MINISTRIES")
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

CHANGE IN UNRESTRICTED NET ASSETS:

Support and revenue

Contributions	\$ 841,590
Contributed goods and services	23,601
Special events	137,740
Less: Direct expenses	(26,058)
Interest income	1
Total support and revenue	976,874
Net assets released from donor restrictions	195,282
Total unrestricted support and reclassifications	1,172,156

Expenses

Program services	1,043,875
Fundraising	147,064
Management and general	80,937
Total expenses	1,271,876

Change in unrestricted net assets (99,720)

CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:

Contributions	129,506
Investment income	6,735
Unrealized gain on investments	16,866
Total support and revenue	153,107
Net assets released from donor restrictions	(195,282)

Change in temporarily restricted net assets (42,175)

Change in net assets (141,895)

Net assets at beginning of year 839,208

Net assets at end of year \$ 697,313

The accompanying notes are an integral part of this financial statement

PREDISAN-USA, INC
("PREDISAN" and "PREDISAN HEALTH MINISTRIES")
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>	<u>Fund- raising</u>	<u>Management and general</u>	<u>Total</u>
Grants	\$ 963,450	\$ -	\$ -	\$ 963,450
Compensation and Benefits	39,757	90,356	50,599	180,712
Office Expenses	6,441	14,641	8,199	29,281
Occupancy, donated	6,120	10,200	4,080	20,400
Travel	7,405	9,256	1,851	18,512
Advertising and Promotion	10,654	7,102	-	17,756
Payroll Taxes	2,792	6,347	3,554	12,693
Accounting Fees	3,224	-	7,523	10,747
Bank Charges & Credit Card Fees	1,596	3,628	2,032	7,256
Insurance	1,181	2,684	1,503	5,368
Information Technology	924	2,099	1,176	4,199
Conferences/Meetings	156	354	198	708
Other	128	293	164	585
Depreciation	47	104	58	209
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 1,043,875</u>	<u>\$ 147,064</u>	<u>\$ 80,937</u>	<u>\$ 1,271,876</u>

The accompanying notes are an integral part of this financial statement

PREDISAN-USA, INC
("PREDISAN" and "PREDISAN HEALTH MINISTRIES")
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (141,895)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	209
Net unrealized gain on securities	(16,866)
Changes in assets and liabilities:	
Cash surrender value of life insurance	(1,475)
Prepaid expenses	6,750
Accounts payable	6,163
Payroll liabilities	<u>1,260</u>
Net cash used in operating activities	<u>(145,854)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of computer equipment	(1,253)
Purchases of marketable securities	<u>(6,642)</u>
Net cash used in investing activities	<u>(7,895)</u>
Net decrease in cash and cash equivalents	(153,749)
Cash and cash equivalents at beginning of year	<u>559,338</u>
Cash and cash equivalents at end of year	<u><u>\$ 405,589</u></u>

The accompanying notes are an integral part of this financial statement

PREDISAN-USA, INC.
(“PREDISAN AND PREDISAN HEALTH MINISTRIES”)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

The purpose of Predisan-USA, Inc. (Predisan and Predisan Health Ministries) is to collaborate with and support non-profit Christian organizations located throughout Central America that provide/promote healthcare, community development, and spiritual formation activities. Currently, Predisan has chosen to partner with a non-profit corporation registered in Honduras as Asociacion Hondurena Predicar y Sanar (Mission Predisan). Mission Predisan’s mission is to provide a holistic approach to healing lives and proclaiming Christ to the people of Honduras. Predisan is governed by a volunteer board of directors. Predisan primarily receives contributions from individuals, churches and foundations, primarily located throughout the United States of America.

Basis of Accounting

The accompanying financial statements have been provided on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

Predisan classifies net assets, revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions using three classifications: unrestricted, temporarily restricted and permanently restricted. These three classifications are defined as follows:

Unrestricted net assets are not restricted by donors or the donor-imposed restrictions have expired.

Temporarily restricted net assets are those net assets subject to donor-imposed restrictions that permit Predisan to use or expend the donated assets as specified and are satisfied either by the passage of time and/or by actions of Predisan.

Permanently restricted net assets are those net assets subject to donor-imposed restrictions that stipulate resources be maintained permanently, but permit Predisan to use or expend part or all of the income derived from the donated assets for specified or unspecified purposes.

PREDISAN-USA, INC.
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Predisan records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Predisan's policy is to record temporarily restricted contributions received and expended in the same period as unrestricted contributions.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety days of purchase.

Property and Equipment

Predian considers expenditures of \$1,000 or more for items expected to have a useful life of one year or more to be capital in nature. The fair value of donated fixed assets is similarly capitalized. Depreciation is then recorded for these assets as an expense, using the straight-line method over estimated useful lives, which is five years for computer equipment. At December 31, 2016, Predisan has computer equipment of \$1,044, net of \$209 of accumulated depreciation.

Income Taxes

Predisan is exempt from Federal and State income taxes under Internal Revenue Code Section 501 (c) (3) and Georgia Revenue and Taxation Code Section 48-7-25. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, Predisan has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2016.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to Predisan's status as a not-for-profit entity. Management believes Predisan met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore, no provision for income taxes has been provided in these financial statements. Predisan's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

PREDISAN-USA, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

However, Predisan is not currently under audit nor has it been contacted by the taxing authorities.

Contributed Goods and Services

In 2016, Predisan received a donation for the use of office space and furnishings with an estimated value of \$20,400. Predisan also received goods, primarily supplies to be used in the Honduran clinic, with an estimated value of \$3,201.

Many individuals volunteer their time and perform a variety of tasks that assist Predisan in providing support to clinics and healthcare facilities in Honduras. Approximately 285 volunteers gave their time during the year ended December 31, 2016. The value of these services did not meet the criteria for recognition in the financial statements and the value has not been estimated.

Use of 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.

Subsequent Events – Date of Management Evaluation

Management has evaluated subsequent events through April 27, 2017, the date on which the financial statements were available to be issued.

Note 2 – Concentration of Credit Risk

Predisan is subject to some credit risk through short-term cash investments, which are placed with high credit quality financial institutions. At December 31, 2016, Predisan's account balances not covered by F.D.I.C. limits were approximately \$62,000. Predisan has not experienced any losses in such accounts.

Note 3 – Intentions to Give

The entity has been informed of intentions to give in the form of possible future bequests. The value of the anticipated gifts have not been established, nor have the gifts been recognized as an asset or contribution revenue.

PREDISAN-USA, INC.
(“PREDISAN AND PREDISAN HEALTH MINISTRIES”)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4 – Marketable Securities

U.S. generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on observable inputs other than Level 1 prices, such as quoted market prices for similar assets, quoted market prices in inactive markets and other inputs that may be corroborated by observable market data. Level 3 within the hierarchy states that valuations are based upon unobservable inputs. At December 31, 2016, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are marketable securities, which include stock and bond mutual funds. Stock and bond mutual funds are valued at the closing price reported on the active market on which the individual securities are traded.

The following table presents by level, within the fair value hierarchy, Predisan's marketable securities at fair value at December 31, 2016:

	Level 1
Stock Funds	\$ 197,841
Bond Funds	99,980
Total	\$ 297,821

Note 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets represent donations made that have been designated for a particular purpose, primarily for the medical clinics or for programs benefiting people in the region of the community of Catacamas, Honduras. The funds are restricted for use in the following programs as of December 31, 2016:

Endowment earnings	\$ 138,490
Children's scholarships	23,807
CEREPA – Addiction Treatment Center	100,000
Economic development	8,000
Mission trips	5,700
Total	\$ 275,997

PREDISAN-USA, INC.
(“PREDISAN AND PREDISAN HEALTH MINISTRIES”)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Net assets were released from temporarily restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by the donor as follows:

Children's scholarships	\$ 42,447
CEREPA – Addiction Treatment Center	150,000
Mission Trips	1,047
Other	<u>1,788</u>
 Total	 <u>\$ 195,282</u>

Note 6 – Endowment

At December 31, 2016, Predisan's endowment consisted of one donor-restricted fund. As required by U.S. generally accepted accounting principles, net assets associated with an endowment fund are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of Predisan has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, Predisan classifies the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Predisan in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors will appropriate funds from the endowment funds based on specific needs and budgeting requirements from year to year.

In accordance with UPMIFA, Predisan considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Predisan and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;

PREDISAN-USA, INC.
(“PREDISAN AND PREDISAN HEALTH MINISTRIES”)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

- (6) Other resources of Predisan; and,
(7) The investment policies of Predisan.

The composition of and changes in endowment net assets for the year ended December 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ -	\$ 114,889	\$ 182,678
Investment return			
Investment income	-	6,735	-
Net unrealized gain	-	16,866	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 138,490</u>	<u>\$ 182,678</u>

Note 7 – Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to program services, fundraising and management and general primarily based on services provided by the Predisan staff in the various areas.