



ASIAN RELIEF, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

ASIAN RELIEF, INC.

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Independent Auditors' Report

To the Board of Directors
Asian Relief, Inc.
Annapolis, Maryland

We have audited the accompanying financial statements of Asian Relief, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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.

Auditors' 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 auditors' 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 auditors consider 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 Asian Relief, Inc., as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Councilor, Buchanan & Mitchell, P.C.

Bethesda, Maryland
April 24, 2018

Certified Public Accountants



ASIAN RELIEF, INC.

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 1,639,547
Accounts Receivable	55,520
Due from Affiliates	650,628
Prepaid Expenses	<u>192,167</u>
Total Current Assets	2,537,862
Investments	18,893,247
Property and Equipment (Net)	60,643
Deposit	<u>19,406</u>
Total Assets	<u><u>\$ 21,511,158</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 289,159
Accrued Wages and Leave Payable	74,855
Retiree Obligations, Current	33,501
Deferred Rent, Current	<u>7,703</u>
Total Current Liabilities	405,218
Retiree Obligations, Noncurrent	680,821
Deferred Rent	<u>65,241</u>
Total Liabilities	<u>1,151,280</u>
Net Assets	
Unrestricted Net Assets	18,145,299
Temporarily Restricted Net Assets	214,579
Permanently Restricted Net Assets	<u>2,000,000</u>
Total Net Assets	<u>20,359,878</u>
Total Liabilities and Net Assets	<u><u>\$ 21,511,158</u></u>

See accompanying Notes to Financial Statements.

ASIAN RELIEF, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support from the Public				
Active Contributions	\$ 2,426,429	\$ 62,702	\$ -	\$ 2,489,131
Donor Development Contributions	632,218	-	-	632,218
Legacies and Bequests	299,869	-	-	299,869
Total Support from the Public	3,358,516	62,702	-	3,421,218
Other Revenue				
Affiliate Management Fees	503,000	-	-	503,000
Mailing List Rentals	190,373	-	-	190,373
Interest and Dividends	562,326	66,574	-	628,900
Investments Gains	2,948,062	349,022	-	3,297,084
Miscellaneous Revenue	300	-	-	300
Total Other Revenue	4,204,061	415,596	-	4,619,657
Net Assets Released from Restriction	689,813	(689,813)	-	-
Total Support and Revenue	8,252,390	(211,515)	-	8,040,875
Expenses				
Program Services				
Sisters of Mary	9,042,910	-	-	9,042,910
Information Services	2,296,852	-	-	2,296,852
Total Program Services	11,339,762	-	-	11,339,762
Supporting Services				
Fundraising - Active	584,469	-	-	584,469
Fundraising - Donor Development	611,301	-	-	611,301
Total Fundraising	1,195,770	-	-	1,195,770
Management and General	1,199,763	-	-	1,199,763
Total Supporting Services	2,395,533	-	-	2,395,533
Total Expenses	13,735,295	-	-	13,735,295
Change in Net Assets	(5,482,905)	(211,515)	-	(5,694,420)
Net Assets, Beginning of Year As Previously Reported	23,596,617	426,094	2,000,000	26,022,711
Prior Period Adjustment	31,587	-	-	31,587
Net Assets, Beginning of Year As Restated	23,628,204	426,094	2,000,000	26,054,298
Net Assets, End of Year	\$ 18,145,299	\$ 214,579	\$ 2,000,000	\$ 20,359,878

See accompanying Notes to Financial Statements.

ASIAN RELIEF, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services		Supporting Services			Total
	Sisters of Mary	Information Services	Fundraising - Active	Fundraising - Donor Development	Management and General	
Grants to Sisters of Mary	\$ 9,042,710	\$ -	\$ -	\$ -	\$ -	\$ 9,042,710
Salaries and Employee Benefits	-	566,605	198,705	48,931	381,653	1,195,894
Printing, Envelopes, and Premiums	-	759,830	66,911	112,074	77,614	1,016,429
Postage	-	378,808	67,178	278,412	103,080	827,478
Inserting and Affixing Charges	-	251,825	52,131	149,117	33,963	487,036
Rent Expense	-	82,256	19,562	6,512	147,045	255,375
Professional Fees	-	129,362	58,801	-	47,041	235,204
Investment Fees	-	-	-	-	168,862	168,862
Travel, Meetings, and Dues	-	76,149	4,489	1,739	27,525	109,902
Donor File Maintenance	-	-	107,248	-	-	107,248
Mail Opening Fees	-	-	-	-	80,923	80,923
Retiree Expense	-	-	-	-	45,864	45,864
Bank Charges and Miscellaneous	-	-	-	-	41,216	41,216
List Rental and Exchange Fees	-	18,784	-	12,524	-	31,308
Utilities	-	6,838	1,626	541	12,223	21,228
Repairs and Maintenance	-	6,677	1,588	529	11,935	20,729
Depreciation Expense	-	6,000	1,427	475	10,726	18,628
Insurance	-	5,646	1,343	447	10,093	17,529
Website Maintenance	-	8,072	3,460	-	-	11,532
Grants to Others	200	-	-	-	-	200
Total Expenses	\$ 9,042,910	\$ 2,296,852	\$ 584,469	\$ 611,301	\$ 1,199,763	\$ 13,735,295

See accompanying Notes to Financial Statements.

ASIAN RELIEF, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows from Operating Activities	
Change in Net Assets	\$ (5,694,420)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation	18,628
Net Realized and Unrealized Gain on Investments	(3,297,084)
<u>(Increase) Decrease in Assets</u>	
Accounts Receivables	40,782
Due from Affiliates	(502,869)
Bequests Receivable	53,407
Prepaid Expenses	5,804
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable	(98,058)
Accrued Wages and Leave Payable	7,290
Due to Affiliates	(36)
Retiree Obligations	(13,201)
Deferred Rent	(41)
	<hr/>
Net Cash Used in Operating Activities	<u>(9,479,798)</u>
 Cash Flows from Investing Activities	
Sales of Investments	11,270,931
Purchases of Investments	(2,041,479)
Purchases of Property and Equipment	<u>(19,854)</u>
	<hr/>
Net Cash Provided by Investing Activities	<u>9,209,598</u>
 Net Decrease in Cash and Cash Equivalents	(270,200)
Cash and Cash Equivalents, Beginning of Year	<u>1,909,747</u>
	<hr/>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,639,547</u></u>

See accompanying Notes to Financial Statements.

ASIAN RELIEF, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. ORGANIZATION

Asian Relief, Inc., is a charitable organization, founded in 1961 by Monsignor Aloysius Schwartz, which provides financial support for the charitable programs of the Sisters of Mary in Korea, the Philippines, Mexico, Guatemala, Brazil, and Honduras.

These programs include twelve Boystowns and Girlstowns, which provide more than 20,000 poor and orphan children with food, clothing, shelter, and education. Older children also receive vocational training. This training helps them obtain higher quality jobs when they graduate in order to break free from a life of poverty and despair.

Additional programs include two full service hospitals for the poor, a live-in facility for destitute, homeless, and handicapped men, and a special education program for mentally challenged and handicapped children.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of accounting policies followed in the preparation of Asian Relief, Inc.'s financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis.

Use of 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 as of 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.

Financial Statement Display

Asian Relief, Inc., reports information regarding its financial position and activities according to the three net asset classes:

Unrestricted - resources that are available for general operations.

Temporarily Restricted - resources that are subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Asian Relief, Inc., pursuant to those stipulations.

Permanently Restricted - resources that are gifts to Asian Relief, Inc., whereby principal may not be used and income or capital gains from these funds is either unrestricted or is to be used for purposes specified by the donor. Asian Relief, Inc., has one permanently restricted gift from a donor in the amount of \$2,000,000 as reflected in the statement of financial position. The gift is required to be invested in perpetuity and income and growth are to be used for general operations.

ASIAN RELIEF, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid deposit and money market accounts, including those in brokerage accounts, with an original term to maturity of three months or less.

Investments

Investments in debt and equity securities are carried at fair value. Accordingly, the changes in net unrealized appreciation or depreciation of debt and equity securities for the year are reported in the statement of activities as investment gains or losses. Gains (losses) on the sale of investments are reported on the first-in first-out basis (FIFO).

Accounts Receivable and Due from Affiliates

Receivables as listed in the statement of financial position at December 31, 2017, are comprised primarily of interest and dividends due on Asian Relief, Inc.'s investments, amounts due from affiliates, and amounts due on other operating activities.

Outstanding balances are reduced by an allowance for doubtful accounts. Management annually evaluates the adequacy of the allowance for doubtful accounts by considering Asian Relief, Inc.'s past receivables loss experience and known and inherent risks in the accounts receivable population. As of December 31, 2017, there was no allowance for doubtful accounts.

Bequests Receivable

Bequests receivable are reflected as support in the financial statements in the year in which Asian Relief, Inc., becomes aware of the donor's death and an amount can be reasonably estimated by the decedent's estate.

Property and Equipment

Asian Relief, Inc., capitalizes all major purchases of buildings, improvements, furniture, fixtures, and equipment at or above \$1,000. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets (generally five years for furniture, fixtures, and equipment and minor improvements). When assets are retired or sold, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in the statement of activities.

Contributions

Contributions are recorded in the period in which they are received or promised and are reported as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Asian Relief, Inc.'s policy is to report as unrestricted support contributions whose restrictions are met in the same reporting period as they are received.

ASIAN RELIEF, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Direct Mail Fundraising

Asian Relief, Inc., derives its public support primarily from direct mail solicitations. Direct mail fundraising involves two distinct functions that are reported separately in the financial statements. The functions are:

- Fundraising
- Donor Development

The fundraising function includes the costs of developing, producing and processing mail appeals to current donors on the house file of the organization.

The donor development function includes the costs of new donor acquisition or prospecting, including, but not limited to, sending an initial mailing to persons who have not previously contributed, or are no longer actively participating in the house mailings of the organization (former donors).

Asian Relief, Inc.'s management believes that a single functional reporting classification is not adequate to portray the activity relating to the public solicitation programs of the organization. Segregation between the fund raising and donor development programs is necessary so that the performance of the two programs can be more accurately evaluated. This is due to the fact that different criteria and relationships are used in the financial evaluation of the aforementioned programs.

Asian Relief, Inc., believes it is appropriate to report public support and the related costs to obtain such, separately in these financial statements.

Functional Allocation of Expenses

The costs of providing the various 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.

Program Services, as presented in the statement of functional expenses, include the expenses directly related to the various projects of Asian Relief, Inc. Information services promote and educate donors and potential donors of the socio-economic plight of the poor, handicapped, sick, and homeless children and adults in Korea, the Philippines, Mexico, Guatemala, Brazil, and Honduras.

Supporting services include expenses indirectly related to the various projects and are of an administrative nature.

Income Taxes

Asian Relief, Inc., is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

ASIAN RELIEF, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, Asian Relief, Inc., may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Asian Relief, Inc., and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2017.

Asian Relief Inc.'s policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during the calendar year ended December 31, 2017.

Asian Relief, Inc.'s Forms 990, *Return of Organization Exempt from Income Tax*, that have been filed for the fiscal years 2016, 2015, and 2014 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

3. CONCENTRATION OF CREDIT RISK

Asian Relief, Inc., maintains its non-brokerage cash accounts in banks that are insured by the Federal Deposit Insurance Corporation (FDIC) up to the maximum amount allowed by law. At December 31, 2017, Asian Relief, Inc.'s balances exceeded the \$250,000 FDIC-insured limit by approximately \$1,522,000.

4. AFFILIATED ORGANIZATIONS

Affiliated foreign organizations are autonomous organizations in the Netherlands, Belgium, United Kingdom, and France that share some common board members. Due to their autonomy, these organizations' net assets, liabilities, revenues, and expenses are not reflected in the accompanying financial statements.

Asian Relief, Inc., charges a management fee to the affiliated foreign organizations for the accounting and other management functions Asian Relief, Inc., performs on the affiliate's behalf. The revenue is recorded in the statement of activities as Affiliate Management Fees.

5. PREPAID EXPENSES

Prepaid solicitation expenses represent costs incurred for appeals, which will be mailed subsequent to the date of the statement of financial position.

ASIAN RELIEF, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Asian Relief, Inc., has categorized its financial instruments based on a three-level fair value hierarchy as follows:

Level 1 - values are based on quoted prices for identical assets in active markets.

Level 2 - values are based on quoted prices for similar assets in active or inactive markets.

Level 3 - values are based on unobservable inputs to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. The fair value measurement objective is to determine an exit price from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect Asian Relief, Inc.'s judgment about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, which might include Asian Relief, Inc.'s own data.

Fair values of assets measured on a recurring basis at December 31, 2017, are as follows:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Equity Securities	\$ 11,156,349	\$ 11,156,349	\$ -	\$ -
Mutual Funds	5,345,806	5,345,806	-	-
Preferred Stocks	249,099	-	249,099	-
Equities - Exchange Traded and Closed End Funds	444,395	444,395	-	-
Corporate Bonds	1,697,598	-	1,697,598	-
Total	<u>\$ 18,893,247</u>	<u>\$ 16,946,550</u>	<u>\$ 1,946,697</u>	<u>\$ -</u>

Investment return and its classification in the statement of activities for the year ended December 31, 2017, is as follows:

Interest and Dividends	\$ 628,900
Realized Gains on Investments	1,148,587
Unrealized Gains on Investments	2,148,497
	<u>\$ 3,925,984</u>

7. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017, consisted of the following:

Leasehold Improvements	\$ 69,902
Furniture and Equipment	216,908
Total Property and Equipment	286,810
Less Accumulated Depreciation	(226,167)
Property and Equipment, Net	<u>\$ 60,643</u>

Depreciation expense amounted to \$18,628 in 2017.

ASIAN RELIEF, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

8. ENDOWMENT

Asian Relief, Inc.'s endowment consists of a single gift established as a donor-restricted endowment fund. Net assets associated with this endowment fund are classified and reported based on the existence of donor-imposed restrictions.

Investment Policy

Asian Relief, Inc., invests the endowment with the objective of prudently managing the investments to protect the principal from decrease in actual terms. Recognizing the impact of inflation, the asset portfolio manager shall make every effort to protect the purchasing power of these assets. The general philosophy for the management of these funds is to maximize returns while minimizing risk.

Investment return earned by the endowment fund is recorded as increase or decrease to unrestricted net assets. Investment income is allocated to the endowment fund proportionally to the investments as a whole.

Interpretation of Relevant Law

The Board of Asian Relief, Inc., has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) 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, Asian Relief, Inc., classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Asian Relief, Inc., in a manner consistent with the standard of prudence prescribed by MUPMIFA.

In accordance with MUPMIFA, Asian Relief, Inc., considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The long- and short-term needs of Asian Relief, Inc., in carrying out its purpose
- (2) Asian Relief, Inc.'s present and anticipated financial requirements
- (3) Expected total return on investments
- (4) Price level trends
- (5) General economic conditions

Endowment net asset composition by type of fund as of December 31, 2017, was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Fund	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000

ASIAN RELIEF, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

Changes in endowment net assets for the year ended December 31, 2017, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 213,868	\$ 2,000,000	\$ 2,213,868
Investment Gain	-	415,596	-	415,596
Contributions	-	-	-	-
Appropriation of Endowment Assets for Expenditure	-	(629,464)	-	(629,464)
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

9. TEMPORARILY RESTRICTED NET ASSETS

The purposes and changes in amounts of temporarily restricted net assets during 2016 were as follows:

	Beginning Balance	Contributions	Released from Restrictions	Ending Balance
Operations per Endowment	\$ 213,868	\$ 415,596	\$ (629,464)	\$ -
Sisters of Mary - Korea	17,210	-	(17,210)	-
Investigate Expansion Programs in Africa	-	10,000	-	10,000
Caregiving Course	-	25,877	-	25,877
Sisters of Mary - Chalco, Mexico	158,016	24,825	(43,139)	139,702
Sisters of Mary - Philippines	37,000	2,000	-	39,000
	<u>\$ 426,094</u>	<u>\$ 478,298</u>	<u>\$ (689,813)</u>	<u>\$ 214,579</u>

10. RETIREMENT PLAN

Asian Relief, Inc., maintains a tax-deferred annuity [Section 403(b)] plan for its employees. All employees are eligible to participate in the Plan provided that the various stipulations have been met, in regard to age and length of service, employee contributions are eligible for employer matching and discretionary contributions in accordance with stated vesting policies.

For the year ended December 31, 2017, Asian Relief, Inc., contributed \$98,198 to the Plan.

11. RETIREE OBLIGATIONS

In addition to the above qualified plan, Asian Relief, Inc., maintains a second, non-qualified, non-funded plan that provides monthly payments to a retired employee. The monthly benefit is determined by a formula that includes salary history, length of service, and benefits under the qualified plan. This benefit for the retiree is unfunded and the benefits will be adjusted each year in accordance with the adjustments made by the United States Social Security Administration.

ASIAN RELIEF, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

11. RETIREE OBLIGATIONS (CONTINUED)

The assets of Asian Relief, Inc., are used to pay the benefits of an eligible retiree. Benefits paid to the retiree were \$59,065 for the year ended December 31, 2017. As of the measurement date, December 31, 2017, the retirement plan had an unfunded liability of \$714,322. The liability decreased from the prior year by \$13,201 primarily due to the net effect of payments made during 2017, minor changes in the projected benefits to be paid in the future, and a change in the life expectancy of the retiree.

Amounts recognized in the statement of activities consisted of:

Net Periodic Pension Cost - Retirement Benefits	\$ 45,864
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The following weighted-average assumptions are used in accounting for the Plan:

Discount Rate	3.90%
Rate of Compensation Change (Active Participant)	2.13%

The assumptions for life expectancy and discount rates were determined based on the IRS tables.

Compensation and insurance benefits expected to be paid in future fiscal years are as follows:

For the Years Ending December 31,

2018	\$ 60,268
2019	61,552
2020	62,862
2021	64,202
2022	65,569
Thereafter	<u>610,948</u>
Total Amounts Owed	925,401
Less Amount Representing Interest	<u>(211,079)</u>
Net	<u>\$ 714,322</u>

12. JOINT COST ALLOCATION

The direct mail solicitations of Asian Relief, Inc., have two distinct purposes:

- Information services to promote and educate its donors and potential donors of the socio-economic plight of the poor, handicapped, sick and homeless children and adults in Korea, the Philippines, Mexico, Guatemala, and Brazil.
- Fundraising to raise funds to carry out the mission of Asian Relief, Inc., and to fund overhead costs.

The joint costs for the year ended December 31, 2017, amounted to \$1,096,918. \$658,151 was charged to program services and \$438,767 was charged to fundraising and donor development for the year ended December 31, 2017, respectively.

13. COMMITMENTS

In 2015, Asian Relief, Inc., entered into a seventy-five month lease for office space in Annapolis, Maryland, effective August 1, 2015. Base monthly rent of \$20,410 is to increase approximately 3% annually.

ASIAN RELIEF, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

13. COMMITMENTS (CONTINUED)

Total rent expense for the year ended December 31, 2017, was \$255,375.

The minimum rental commitments under the above operating lease at December 31, 2017, is as follows:

For the Years Ending December 31,

2018	\$ 263,078
2019	270,971
2020	279,100
2021	<u>238,732</u>
Total Future Minimum Lease Payments	<u>\$ 1,051,881</u>

14. PRIOR PERIOD ADJUSTMENT

During 2017, it was determined that the personal leave policy maintained by Asian Relief, Inc., allowed for unlimited personal leave days to be accrued by employees, but that this personal leave would not be paid at termination of employment. Based on this policy, Asian Relief, Inc., is posting a prior period adjustment to add \$31,587 to unrestricted net assets as of January 1, 2017. This adjustment would have resulted in a decrease of employee benefits of \$4,068 for the year ended December 31, 2016.

15. SUBSEQUENT EVENTS

Asian Relief, Inc., has evaluated subsequent events through April 24, 2018, which is the date the financial statements were available to be issued.