

**CENTER FOR HUMANITARIAN OUTREACH  
AND INTERCULTURAL EXCHANGE  
(d.b.a. CHOICE HUMANITARIAN)**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2018 and 2017

with

**REPORT OF INDEPENDENT AUDITORS**

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## **REPORT OF INDEPENDENT AUDITORS**

To the Board of Trustees,  
Choice Humanitarian:

We have audited the accompanying consolidated financial statements of Center for Humanitarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian) (the Organization) which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Center for Humanitarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian) as of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter: Effect of Adopting New Accounting Standard***

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Boards (FASB's) Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of the Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented in the financial statements. Our opinion is not modified with respect to this matter.

### ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Huber, Erickson; Bowman, LLC*

**Huber, Erickson & Bowman, LLC**

**November 4, 2019**

**Center for Humanitarian Outreach and Intercultural  
Exchange (d.b.a. Choice Humanitarian)**

**Consolidated Statements of Financial Position**

**As of December 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 817,101	635,234
Restricted cash	160,000	280,000
Contributions receivable	58,148	98,399
Other receivable	2,798	-
Prepaid expenses	4,250	6,700
Inventory	7,518	20,819
Other assets	10,592	-
Deferred costs	4,646	5,508
Property and equipment, net	<u>23,691</u>	<u>12,813</u>
<b>Total Assets</b>	<b><u>1,088,744</u></b>	<b><u>1,059,473</u></b>
 <b>Liabilities and Net Assets</b>		
 <b>Liabilities</b>		
Accounts payable	113,860	58,547
Accrued liabilities	17,616	60,377
Deferred revenues	<u>180,645</u>	<u>372,670</u>
<b>Total Liabilities</b>	<b><u>312,121</u></b>	<b><u>491,594</u></b>
 <b>Net Assets</b>		
Net assets without donor restrictions	8,718	(372,148)
Net asset with donor restrictions (Note 6)	<u>767,905</u>	<u>940,027</u>
<b>Total Net Assets</b>	<b><u>776,623</u></b>	<b><u>567,879</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,088,744</u></b>	<b><u>\$ 1,059,473</u></b>

*The accompanying notes are an integral part of the financial statements*

**Center for Humanitarian Outreach and Intercultural  
Exchange (d.b.a. Choice Humanitarian)**

**Consolidated Statements of Activities**

**For the Years Ended December 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>Changes in net assets without donor restrictions:</b>		
<b>Revenue and gains:</b>		
Expeditions	\$ 1,862,381	\$ 1,291,610
Contributions	1,401,885	1,346,692
Special event revenue, net	473,196	372,979
Economic development	286,469	(120,035)
In-kind contributions	238,478	254,589
Other income	79,278	4,160
Investment return	2,064	-
<b>Total revenue and gains without donor restrictions</b>	<b>4,343,751</b>	<b>3,149,995</b>
<b>Net assets released from restrictions (Note 4)</b>		
Satisfaction of program restrictions	513,772	439,998
<b>Total net assets released from restriction</b>	<b>513,772</b>	<b>439,998</b>
<b>Total revenue, gains, and other support     without donor restriction</b>	<b>4,857,523</b>	<b>3,589,993</b>
<b>Expenses</b>		
Program services	3,410,624	3,422,635
Management and general	699,797	413,365
Fundraising	366,239	562,100
<b>Total Expenses</b>	<b>4,476,660</b>	<b>4,398,100</b>
<b>Increase / (Decrease) in net assets without donor restrictions</b>	<b>380,863</b>	<b>(808,107)</b>
<b>Changes in net assets with donor restrictions</b>		
Contributions	341,650	566,425
Net assets released from restrictions (Note 4)	(513,772)	(439,998)
<b>Increase in net assets with donor restrictions</b>	<b>(172,122)</b>	<b>126,427</b>
<b>Increase / (Decrease) in total net assets</b>	<b>208,741</b>	<b>(681,680)</b>
Net Assets at Beginning of Year	567,882	1,249,559
<b>Net Assets at End of Year</b>	<b>\$ 776,623</b>	<b>\$ 567,879</b>

*The accompanying notes are an integral part of the financial statements*

**Center for Humanitarian Outreach and Intercultural  
Exchange (d.b.a. Choice Humanitarian)**

**Consolidated Statement of Functional Expenses**

**For the Years Ended December 31, 2018 and 2017**

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<b>December 31, 2018</b>				
<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>	
	<b>Management and General</b>	<b>Fund Raising</b>		
Field expenses	\$ 1,761,680	\$ 169,704	\$ 127,295	\$ 2,058,679
Expedition expenses	1,257,195	11,164	6,208	1,274,567
Salaries	324,274	281,719	156,646	762,639
Rent	20,745	18,022	10,021	48,788
Professional services	19,984	30,666	10,115	60,765
Office supplies	13,101	9,337	6,214	28,652
Office expenses	12,064	172,515	5,072	189,651
Marketing and public relations	1,581	1,373	44,668	47,622
Depreciation expense	-	5,297	-	5,297
<b>Total Expenses</b>	<b>\$ 3,410,624</b>	<b>\$ 699,797</b>	<b>\$ 366,239</b>	<b>\$ 4,476,660</b>

<b>December 31, 2017</b>				
<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>	
	<b>Management and General</b>	<b>Fund Raising</b>		
Field expenses	\$ 2,012,592	\$ 209,143	\$ 166,661	\$ 2,388,396
Expedition expenses	785,840	145	-	785,985
Salaries	370,648	122,828	194,877	688,353
Office expenses	133,286	39,591	157,318	330,195
Professional services	81,990	25,670	25,872	133,532
Rent	26,670	8,798	14,022	49,490
Marketing and public relations	9,723	1,923	3,064	14,710
Essential oils	1,171	-	-	1,171
Office supplies	715	179	286	1,180
Depreciation expense	\$ -	5,088	-	5,088
<b>Total Expenses</b>	<b>\$ 3,422,635</b>	<b>\$ 413,365</b>	<b>\$ 562,100</b>	<b>\$ 4,398,100</b>

*The accompanying notes are an integral part of the financial statements*

**Center for Humanitarian Outreach and Intercultural  
Exchange (d.b.a. Choice Humanitarian)**

**Consolidated Statements of Cash Flows**

**For the Years Ended December 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
<b>Change in net assets</b>	<b>\$ 208,741</b>	<b>\$ (681,680)</b>
<b>Adjustments to reconcile change in net assets to net cash (Used by) provided by operating activities:</b>		
Depreciation	5,297	5,088
Decrease (increase) in assets:		
Accounts receivable	37,453	241,141
Inventory	13,301	(20,819)
Deferred expenses	862	(1,294)
Prepaid expenses	2,450	(5,203)
Other assets	(10,592)	-
Increase (decrease) in liabilities:		
Accounts payable	55,316	(41,725)
Accrued liabilities	(42,761)	28,470
Deferred revenue	(192,025)	322,525
<b>Net cash provided by (used by) operating activities</b>	<b><u>78,042</u></b>	<b><u>(153,497)</u></b>
<b>Cash flows provided by (used by) investing activities</b>		
Cash paid for furniture and equipment	(16,175)	-
<b>Net cash provided by (used in) investing activities</b>	<b><u>(16,175)</u></b>	<b><u>-</u></b>
<b>Net increase / (decrease) in cash, cash equivalents, and restricted cash</b>	<b>61,867</b>	<b>(153,497)</b>
Cash and cash equivalents and restricted cash, beginning of the year	<u>915,234</u>	<u>1,068,731</u>
<b>Cash and cash equivalents and restricted cash, end of the year</b>	<b><u>\$ 977,101</u></b>	<b><u>\$ 915,234</u></b>
<b>Supplemental data for noncash investing and financing Activities:</b>		
In-kind donations of software, equipment, gift cards, and professional services	<u>\$ 238,478</u>	<u>\$ 254,589</u>

*The accompanying notes are an integral part of the financial statements*



**Center for Humanitarian Outreach and Intercultural Exchange  
(d.b.a. Choice Humanitarian)**

**Notes to Consolidated Financial Statements**

**For the Years Ended December 31, 2018 and 2017**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Organization**

The Center for Humanitarian Outreach and Intercultural Exchange (d.b.a. CHOICE Humanitarian) (the Organization) was incorporated as a not-for-profit organization in 1988. CHOICE Humanitarian is a leadership organization that works in remote villages all around the world. Strong local leadership means communities can develop their own vision, goals, and plan to work their way out of extreme poverty.

With 35 years of experience working to end poverty in Kenya, Bolivia, Guatemala, Mexico, Nepal, Ecuador, and Peru, CHOICE partners with rural communities where most villagers live on less than \$1.90 a day. The Leadership Model of Development CHOICE utilizes is holistic, integrating five core areas: economic development, health, education, environment, and culture preservation.

CHOICE has learned how to combine the most effective elements of both grassroots and top-down approaches to bring about powerful, sustainable change. Villages identify and manage their own development process and drive the initiatives that will resolve the problems they face. Projects are a vehicle to organize communities and resources, creating lasting change as communities establish their path towards self-reliance. Native in-country staff uses culturally appropriate programs to develop the capacity of local leaders and empower villagers through our “learn by doing” model. CHOICE multiplies its impact by identifying similar-minded local and international partners to support programs. Data collection and evaluation drive our efforts to ensure long-term success. Ultimately, CHOICE knows that economic opportunities provide an exit from poverty, and education is a game changer in economic development.

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

In 2013, the Organization started Choice Ventures, LLC, a wholly owned and operated company. Choice Ventures, LLC was organized to invest in for-profit businesses that will produce a positive economic impact on local communities, generate additional investment capital for the LLC, and provide program funds for CHOICE Humanitarian.

In 2015, the Organization merged with The Institute for Self-Reliant Agriculture dba Feed the World, a wholly owned and operated non-profit. Feed the World remained a 501(c)(3) organization under the governance of the board of Choice Humanitarian. The reason for the merger was to combine resources the resources of Choice Humanitarian and Feed the World to work towards eliminating poverty. Additionally, the Organization acquired Choice Essential Oils Producers, LLC., (“Choice Essential Oils”) in which 100% of the assets were donated by one of the Organization’s board members.

**Center for Humanitarian Outreach and Intercultural Exchange  
(d.b.a. Choice Humanitarian)**

**Notes to Consolidated Financial Statements**

**For the Years Ended December 31, 2018 and 2017**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**Principles of Consolidation**

Choice Humanitarian represents the consolidated financial statements and accounts of The Center for Humanitarian Outreach and Intercultural Exchange and its wholly owned subsidiaries, Choice Ventures, LLC, Feed the World, and Choice Essential Oils. All significant inter-company accounts and transactions have been eliminated.

**Basis of Accounting**

The Organization accounts for its operations and activities in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America.

As discussed in Note 2, beginning in the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's (FASB's) accounting standards update (ASU) No. 2016-14 *Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*.

The Organization acts a fiduciary to ensure that donations are used only for the express purpose established by the Donors. The Board of Directors has the authority and responsibility to designate the use of net assets without donor restrictions for designated uses essential to fulfilling the Organization's goals and objectives.

The Organization is substantially supported by restricted contributions from donations provided by individuals, businesses, and other organizations (collectively referred to as "Donors"). The nature of the restrictions on these funds is determined by the Donors making the donations, which can be for a set time, for a specified purpose, or the occurrence of a specified event. When a restriction on the funds provided by the Donors has occurred, elapsed or has been accomplished; net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization reports donations of long-lived assets as net assets without donor restrictions, unless explicit donor restrictions are stated by the donor. Donations of long-lived asset with donor restrictions are released from restriction at the time that the long-lived assets are acquired and placed into service.

**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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**Fair Value of Financial Instruments**

The Organization's financial instruments consist of cash and cash equivalents, investments, receivables, and payables. The carrying amount of cash and cash equivalents, receivables, and payables approximates fair value because of the short-term nature of these items. The carrying amount of investments is based on readily determinable market values.

**Center for Humanitarian Outreach and Intercultural Exchange  
(d.b.a. Choice Humanitarian)**

**Notes to Consolidated Financial Statements**

**For the Years Ended December 31, 2018 and 2017**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. When cash is wire transferred to a foreign bank account to be used for a project, it is immediately expensed as a field expense.

**Contributions Receivable**

The Organization records contributions receivable at fair value when they are (1) unconditional and (2) when communication of a firm agreement to pay the Organization is received.

**Other Receivables**

The Organization records non-operating related receivables such as advances to employees, interest receivable, sales tax refunds, and income tax refunds as other receivables. These transactions are recorded when they have occurred or as soon as the transactional information is made available to the Organization.

**Allowance for Doubtful Accounts**

The Organization has determined that the potential loss from accounts receivable is not material and has elected not to record an allowance for doubtful accounts as of December 31, 2018 and 2017.

**Property and Equipment**

Property and equipment consist of office furniture and equipment that are carried at cost. Donated assets are recorded at their estimated fair market value at the time of contribution. Expenditures for maintenance and repairs are charged against income and expenditures for major purchases and improvements are capitalized. The net book value of property sold or otherwise disposed of is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included in income. The Organization generally capitalizes land, buildings, and equipment expenditures in excess of \$500. Purchases of property and equipment in foreign countries are recorded as field expense and are not capitalized.

Depreciation of property and equipment is provided on a straight-line method over estimated useful lives of the respective property and equipment, which is estimated to be 3-5 years.

**Deferred Revenue and Expenses**

Occasionally, expeditions are billed to volunteers in advance of the period in which the related expenses are to be incurred. Cash received from advance billings are shown in the accompanying financial statements as deferred revenue. The revenue is recognized when the expedition occurs. Costs incurred by the Organization for future expeditions are capitalized and are expensed when the related revenue is earned.

**Center for Humanitarian Outreach and Intercultural Exchange  
(d.b.a. Choice Humanitarian)**

Notes to Consolidated Financial Statements

**For the Years Ended December 31, 2018 and 2017**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**In-kind Contributions**

Contributed materials, supplies, facilities, property, and investments in debt and equity securities are recorded at their estimated fair value at the date of donation. The Organization reports in-kind contributions as unrestricted revenue in the accompanying statements of activities.

If the fair value of in-kind contributions cannot be reasonably determined, they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

**Income Taxes**

Choice Humanitarian and Feed the World have received a determination letter from the Internal Revenue Service that states the Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). A similar exemption applies for state income tax; therefore, no provision for income taxes has been recorded.

Choice Ventures, LLC, is taxed as a C-Corporation for tax purposes, per the Operating Agreement. Choice Essentials Oils is wholly-owned and is a disregarded entity for tax purposes.

**NOTE 2 - ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT**

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's (FASB's) accounting standards update (ASU) No. 2016-14 *Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted assets, if applicable, are now reported as net assets with donor restrictions.

**NOTE 3 - CASH**

The Organization maintains its cash accounts in bank deposit accounts. At December 31, 2018 and 2017, the Organization had \$627,139 and \$528,956 in deposits, respectively, in excess of federally insured limits.

The Organization had cash restricted for monies received from a donor that are specifically to be used by Choice Ventures for microloans.

**Center for Humanitarian Outreach and Intercultural Exchange  
(d.b.a. Choice Humanitarian)**

Notes to Consolidated Financial Statements

**For the Years Ended December 31, 2018 and 2017**

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**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment by major classifications are as follows:

	<u>2018</u>	<u>2017</u>
Computers and servers	\$ 179,254	\$ 179,254
Furniture	40,615	24,440
Equipment	2,833	2,833
	<u>222,702</u>	<u>206,527</u>
Accumulated depreciation	<u>(199,011)</u>	<u>(193,714)</u>
Net property and equipment	<u>\$ 23,691</u>	<u>\$ 12,813</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$5,297 and \$5,088, respectively.

**NOTE 5 - NET ASSETS RELEASED FROM RESTRICTION**

Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as shown in the following table:

	<u>2018</u>	<u>2017</u>
Purpose restrictions accomplished:		
Program expenses incurred in donor designated countries:		
Bolivia	\$ 80,579	\$ -
Ecuador	6,298	-
Guatemala	87,100	117,700
Nepal	177,502	313,898
Peru	42,293	
Vietnam	-	8,400
	<u>393,772</u>	<u>439,998</u>
Program expenses incurred for donor designated purposes:		
Economic Development	<u>120,000</u>	<u>-</u>
<b>Total restrictions released</b>	<u>\$ 513,772</u>	<u>\$ 439,998</u>

**Center for Humanitarian Outreach and Intercultural Exchange  
(d.b.a. Choice Humanitarian)**

Notes to Consolidated Financial Statements

**For the Years Ended December 31, 2018 and 2017**

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**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Net Assets with donor restrictions are restricted for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
<b>Subject to expenditure for specified purpose:</b>		
Program expenses to be incurred in donor designated countries:		
Bolivia	\$ -	\$ 80,579
Ecuador	-	6,298
Guatemala	100,005	97,105
Nepal	470,000	433,752
Peru	-	42,293
Vietnam	37,900	-
	<u>607,905</u>	<u>660,027</u>
Program expenses to be incurred for donor designated purposes:		
Economic Development	<u>160,000</u>	<u>280,000</u>
<b>Total net assets with donor restrictions</b>	<u>\$ 767,905</u>	<u>\$ 940,027</u>

**NOTE 7 – FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS**

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by funds not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Board designated funds included those that have been set aside to meet operational obligations and liquidity reserve requirements, however these funds have not been specifically subtracted as unavailable funds.

	<u>2018</u>	<u>2017</u>
<b>Financial assets, at year end</b>	\$ 1,088,744	\$ 1,059,473
Less		
<b>Contractual or donor-imposed restrictions:</b>		
Program expenses to be incurred in donar designated countries	(607,905)	(660,027)
Program expenses to be incurred for economic development in foreign countries	(160,000)	(280,000)
<b>Board Designations</b>		
Funds set aside to meet operational obligations	(131,476)	(118,924)
Funds set aside for liquidity reserve	<u>(20,000)</u>	<u>-</u>
<b>Financial assests available to meet cash needs for general expenditures within one year</b>	<u>\$ 169,363</u>	<u>\$ 522</u>

**Center for Humanitarian Outreach and Intercultural Exchange  
(d.b.a. Choice Humanitarian)**

**Notes to Consolidated Financial Statements**

**For the Years Ended December 31, 2018 and 2017**

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**NOTE 7 – FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS (CONTINUED)**

The Organization's is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, The Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of the Organizations liquidity management, it has a developed a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 8 - CHOICE ESSENTIAL OILS REVENUE**

During the years ended December 31, 2018 and 2017, Choice Essentials Oils had the following gross revenues and cost of goods sold:

	<u>2018</u>	<u>2017</u>
Gross revenue	\$ -	\$ 25,200
Cost of goods sold	-	145,235
Gross (loss) profit	<u>\$ -</u>	<u>\$(120,035)</u>

During 2018 Choice Essential Oils ceased operations, as such there were no revenues or cost of goods sold during 2018. Due to timing differences in when revenue was reported compared to when the expenses were reported, this caused a loss in 2017.

**NOTE 9 - IN-KIND DONATIONS**

The Organization recognizes contribution revenue for certain assets received at the fair value of such assets. Recognized asset contributions for the years ended December 31, 2018 and 2017 totaled \$238,478 and \$254,589, respectively. Contributed assets included office equipment and software, vacation packages, collectibles and other miscellaneous items sold at auction by the Organization for cash.

**NOTE 10 - SPECIAL EVENT REVENUE**

In 2018, the Organization sponsored five fundraising events in order to promote awareness of the organization's mission. At the Gala event participants purchase tickets to attend, are entertained and participate in various silent and live auctions. The Breakfast event is a casual breakfast by invitation where the Organization's mission is promoted and donations are received and pledged. At the Golf Tournament event participants purchase entry for groups of up to four players to compete against fellow golfers and participate in silent auctions.

**Center for Humanitarian Outreach and Intercultural Exchange  
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Notes to Consolidated Financial Statements

For the Years Ended December 31, 2018 and 2017

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**NOTE 10 - SPECIAL EVENT REVENUE (CONTINUED)**

The gross revenues and direct expenses associated with these events for the years ended December 31, 2018 and 2017 are summarized as follows:

**Special Event Revenue and Directly Related Costs - 2018**

	<b>Salt Lake Gala</b>	<b>Salt Lake Breakfast</b>	<b>Golf Tournament</b>	<b>Other Events</b>	<b>Total</b>
Contributions from Participants	\$140,326	\$152,017	\$ 96,700	\$ 20,190	\$409,233
Tickets and Auction Sales	209,486	-	3,857	-	213,343
	<u>349,812</u>	<u>152,017</u>	<u>100,557</u>	<u>20,190</u>	<u>622,576</u>
Less: costs of direct benefits to donors	(59,515)	(25,884)	(21,159)	-	(106,558)
Less : direct expenses	<u>(20,895)</u>	<u>(5,873)</u>	<u>(3,318)</u>	<u>(12,736)</u>	<u>(42,822)</u>
	<u>(80,410)</u>	<u>(31,757)</u>	<u>(24,477)</u>	<u>(12,736)</u>	<u>(149,380)</u>
Net revenue	<u>\$269,402</u>	<u>\$120,260</u>	<u>\$ 76,080</u>	<u>\$ 7,454</u>	<u>\$473,196</u>

**Special Event Revenue and Directly Related Costs - 2017**

	<b>Salt Lake Gala</b>	<b>Salt Lake Breakfast</b>	<b>Golf Tournament</b>	<b>Symposium</b>	<b>Other Events</b>	<b>Total</b>
Contributions from participants	\$113,057	\$112,973	\$ 74,365	\$ 20,000	\$ 2,863	\$323,258
Tickets and auction sales	186,249	-	7,135	3,830	-	197,214
	<u>299,306</u>	<u>112,973</u>	<u>81,500</u>	<u>23,830</u>	<u>2,863</u>	<u>520,472</u>
Less: costs of direct benefits to donors	(55,602)	(17,542)	(10,756)	(11,430)	(1,203)	(96,533)
Less : direct expenses	<u>(28,498)</u>	<u>(6,882)</u>	<u>(6,531)</u>	<u>(6,075)</u>	<u>(2,974)</u>	<u>(50,960)</u>
	<u>(84,100)</u>	<u>(24,424)</u>	<u>(17,287)</u>	<u>(17,505)</u>	<u>(4,177)</u>	<u>(147,493)</u>
Net revenue	<u>\$215,206</u>	<u>\$ 88,549</u>	<u>\$ 64,213</u>	<u>\$ 6,325</u>	<u>\$ (1,314)</u>	<u>\$372,979</u>



**Center for Humanitarian Outreach and Intercultural Exchange  
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**Notes to Consolidated Financial Statements**

**For the Years Ended December 31, 2018 and 2017**

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**NOTE 11 – SCHEDULE OF FUNCTIONAL EXPENSE DISCLOSURE**

The Statement of Activities reports certain categories of expenses that are attributable to more than one program or supporting function. To provide additional clarity we have prepared the Schedule of Functional Expenses (See page 7) on the purpose and use of the funds expended.

Within the Schedule of Functional Expenses, costs such as field expenses, expedition expenses, salaries, and essential oil expenses are tracked internally and are assigned to the applicable program or service group with estimates of time and effort and with actual time coded to the program at the time the work was performed.

Other costs included in the Schedule of Functional Expenses such as office expenses, office supplies, professional services, rent, marketing, and public relations expenses are estimated and assigned on based on a percentage of total costs.

**NOTE 12 - OPERATING LEASE**

The organization has entered into a long-term operating lease agreement on building space. Rent expense recognized under this lease agreement for the years ended December 31, 2018 and 2017 totaled \$48,788 and \$49,490, respectively.

Future minimum lease payments under non-cancelable operating leases as of December 31, 2018 are detailed in the following:

2019	\$ 37,698
2020	<u>28,903</u>
	<u>\$ 66,601</u>

**NOTE 13 - SUBSEQUENT EVENTS**

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Company has evaluated subsequent events through November 4, 2019, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of November 4, 2019, have been incorporated into these financial statements.

**SUPPLEMENTARY INFORMATION**

**Center for Humanitarian Outreach and Intercultural  
Exchange (d.b.a. Choice Humanitarian)**  
Consolidating Statements of Financial Position  
As of December 31, 2018

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	<b>Choice Humanitarian</b>	<b>Choice Ventures</b>	<b>Choice Essential Oils</b>	<b>Feed the World</b>	<b>Eliminating Entries</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 909,060	\$ (99,863)	\$ 396	\$ 7,508	\$ -	\$ 817,101
Restricted cash	-	160,000	-	-	-	160,000
Accounts receivable	-	-	-	-	-	-
Investment in Choice Ventures	-	-	-	-	-	-
Contributions receivable	58,148	-	-	-	-	58,148
Inter-entity receivable	274,486	120,000	-	-	(394,486)	-
Other receivable	2,798	-	-	-	-	2,798
Inventory	-	7,518	-	-	-	7,518
Prepaid expenses	4,250	-	-	-	-	4,250
Other assets	-	10,592	-	-	-	10,592
Deferred costs	4,646	-	-	-	-	4,646
Property and equipment, net	23,691	-	-	-	-	23,691
<b>Total Assets</b>	<b><u>1,277,079</u></b>	<b><u>198,247</u></b>	<b><u>396</u></b>	<b><u>7,508</u></b>	<b><u>(394,486)</u></b>	<b><u>1,088,744</u></b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities</b>						
Accounts payable	113,860	274,486	-	-	(274,486)	113,860
Accrued liabilities	17,616	-	-	-	-	17,616
Deferred revenues	180,645	-	-	-	-	180,645
Related party payable	120,000	-	-	-	(120,000)	-
<b>Total Liabilities</b>	<b><u>432,121</u></b>	<b><u>274,486</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(394,486)</u></b>	<b><u>312,121</u></b>
<b>Net Assets</b>						
Net assets without donor restrictions	237,053	(236,239)	396	7,508	-	8,718
Net assets with donor restrictions	607,905	160,000	-	-	-	767,905
Total Net Assets	844,958	(76,239)	396	7,508	-	776,623
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,277,079</u></b>	<b><u>\$ 198,247</u></b>	<b><u>\$ 396</u></b>	<b><u>\$ 7,508</u></b>	<b><u>\$ (394,486)</u></b>	<b><u>\$ 1,088,744</u></b>

*The accompanying notes are an integral part of the financial statements*

**Center for Humanitarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian)**

Consolidating Statements of Activities

For the Year ended December 31, 2018

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	Choice Humanitarian	Choice Ventures	Choice Essential Oils	Feed the World	Eliminating Entries	Total
<b>Changes in net assets without donor restrictions</b>						
<b>Revenue and gains:</b>						
Expeditions	\$ 1,862,381	\$ -	\$ -	\$ -	\$ -	\$ 1,862,381
Contributions	1,378,034	21,651	-	2,200	-	1,401,885
Special event revenue, net	473,196	-	-	-	-	473,196
Economic development	286,469	-	-	-	-	286,469
In-kind contributions	238,478	-	-	-	-	238,478
Investment income	2,062	-	-	2	-	2,064
Other income	79,278	-	-	-	-	79,278
<b>Total revenue and gains without donor restrictions</b>	<b>4,319,898</b>	<b>21,651</b>	<b>-</b>	<b>2,202</b>	<b>-</b>	<b>4,343,751</b>
<b>Net assets released from restrictions:</b>						
Satisfaction of program restrictions	513,772	-	-	-	-	513,772
<b>Total net assets released from restriction</b>	<b>513,772</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>513,772</b>
<b>Total revenue, gains, and other support without donor restrictions</b>	<b>4,833,670</b>	<b>21,651</b>	<b>-</b>	<b>2,202</b>	<b>-</b>	<b>4,857,523</b>
<b>Expenses and losses:</b>						
Program services	3,350,604	60,020	-	-	-	3,410,624
Management and general	696,044	3,650	-	103	-	699,797
Fundraising	366,011	228	-	-	-	366,239
<b>Total expenses and losses</b>	<b>4,412,659</b>	<b>63,898</b>	<b>-</b>	<b>103</b>	<b>-</b>	<b>4,476,660</b>
<b>Increase / (decrease) in net assets without donor restrictions</b>	<b>421,011</b>	<b>(42,247)</b>	<b>-</b>	<b>2,099</b>	<b>-</b>	<b>380,863</b>
<b>Changes in net assets with donor restrictions:</b>						
Contributions	341,650	-	-	-	-	341,650
Net assets released from restriction	(513,772)	-	-	-	-	(513,772)
<b>Increase / decrease in net assets with donor restrictions</b>	<b>(172,122)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(172,122)</b>
<b>Increase / (Decrease) in total net assets</b>	<b>248,889</b>	<b>(42,247)</b>	<b>-</b>	<b>2,099</b>	<b>-</b>	<b>208,741</b>
Net Assets at Beginning of Year	596,069	(33,992)	396	5,409	-	567,882
<b>Net Assets at End of Year</b>	<b>\$ 844,958</b>	<b>\$ (76,239)</b>	<b>\$ 396</b>	<b>\$ 7,508</b>	<b>\$ -</b>	<b>\$ 776,623</b>

*The accompanying notes are an integral part of the financial statements*