Destiny Rescue USA, Inc.
Financial Statements
December 31, 2015 and 2014

Contents

To the Board of Directors
Destiny Rescue USA, Inc.
Syracuse, Indiana

Independent Auditor's Report

We have audited the accompanying financial statements of Destiny Rescue USA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Destiny Rescue USA, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

David Culp & Co. LLP

David Culp & Co. LLP
Certified Public Accountants

Goshen, Indiana
May 3, 2016

Destiny Rescue USA, Inc.
Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 545,809	$ 417,128
Contributions receivable	51,374	19,180
Prepaid expenses	19,408	17,463
Inventory	35,376	66,686
Investments	4,050	2,048
Total current assets	656,017	522,505
Intangible Asset, Net	6,504	5,708
Property And Equipment, Net	177,318	159,084
Total assets	$ 839,839	$ 687,297
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of long-term debt	$ 6,595	$ -
Accounts payable	75,773	54,344
Accrued payroll and withholdings	34,046	5,909
Total current liabilities	116,414	60,253
Long-Term Liabilities:		
Notes payable	114,242	123,000
Total liabilities	230,656	183,253
Net Assets:		
Unrestricted	268,874	168,682
Temporarily restricted	340,309	335,362
Total net assets	609,183	504,044
Total liabilities and net assets	$ 839,839	$ 687,297

The accompanying notes are an integral part of these financial statements

Destiny Rescue USA, Inc.
Statements of Activities
For the Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Contributions	$ 1,247,669	$ 964,205	$ 2,211,874	$ 964,627	$ 961,124	$ 1,925,751
Special events	57,965	-	57,965	-	-	-
Jewelry sales	298,009	-	298,009	256,043	-	256,043
Other	11,330	-	11,330	4,217	-	4,217
Investment income	156	-	156	33	-	33
Net assets released from restrictions	959,258	(959,258)	-	939,592	(939,592)	-
Total revenue and support	2,574,387	4,947	2,579,334	2,164,512	21,532	2,186,044
Program expense:						
Grants to affiliates	1,405,557	-	1,405,557	1,357,319	-	1,357,319
Sponsorships	21,177	-	21,177	22,417	-	22,417
Cost of jewelry and apparel	196,485	-	196,485	160,500	-	160,500
Public awareness and education	437,649	-	437,649	324,978	-	324,978
Total program expense	2,060,868	-	2,060,868	1,865,214	-	1,865,214
Supporting services expense:						
Management and general administration	199,153	-	199,153	154,651	-	154,651
Fundraising	214,174	-	214,174	151,381	-	151,381
Total supporting services expense	413,327	-	413,327	306,032	-	306,032
Total expenses	2,474,195	-	2,474,195	2,171,246	-	2,171,246
Change in net assets	100,192	4,947	105,139	(6,734)	21,532	14,798
Net assets, beginning of year	168,682	335,362	504,044	175,416	313,830	489,246
Net assets, end of year	$ 268,874	$ 340,309	$ 609,183	$ 168,682	$ 335,362	$ 504,044

The accompanying notes are an integral part of these financial statements

Destiny Rescue USA, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Program Expenses					Supporting Services			
	Grants to Affiliates	Sponsorships	Cost of Jewelry and Apparel	Public Awareness and Education	Total Program	Management and General	Fundraising	Total Supporting Services	Total Expenses
Grants to affiliates	$ 1,374,262	$ -	$ -	$ -	$ 1,374,262	$ -	$ -	$ -	$ 1,374,262
Cost of jewelry and apparel	-	-	109,273	-	109,273	-	-	-	109,273
Payroll and related taxes	6,829	17,509	53,091	200,061	277,490	132,524	139,614	272,138	549,628
Professional fees	-	-	-	-	-	14,415	-	14,415	14,415
Direct fundraising	-	-	-	-	-	-	19,971	19,971	19,971
Conferences and conventions	-	-	10,400	20,799	31,199	-	10,399	10,399	41,598
Office supplies and other	500	1,281	3,885	14,639	20,305	9,697	10,216	19,913	40,218
Postage and printing	296	759	2,303	8,677	12,035	5,747	6,055	11,802	23,837
Processing and bank fees	10,507	-	10,507	10,507	31,521	-	10,507	10,507	42,028
Occupancy costs	305	781	2,369	8,928	12,383	5,914	6,230	12,144	24,527
Meals and travel	12,528	-	-	-	12,528	12,528	-	12,528	25,056
Mission team trip costs	-	-	-	162,275	162,275	-	-	-	162,275
Depreciation and amortization	204	523	1,585	5,972	8,284	3,956	4,168	8,124	16,408
Telephone	112	286	867	3,270	4,535	2,166	2,282	4,448	8,983
Advertising	-	-	-	-	-	250	250	500	500
Vehicle repairs	-	-	2,091	2,091	4,182	2,091	4,182	6,273	10,455
Insurance	14	38	114	430	596	286	300	586	1,182
Loss on disposal of property and equipment	-	-	-	-	-	9,579	-	9,579	9,579
Total	$ 1,405,557	$ 21,177	$ 196,485	$ 437,649	$ 2,060,868	$ 199,153	$ 214,174	$ 413,327	$ 2,474,195

The accompanying notes are an integral part of these financial statements

Destiny Rescue USA, Inc.
Statement of Functional Expenses
For theYear Ended December 31, 2014

	Program Expenses					Supporting Services			
	Grants to Affiliates	Sponsorships	Cost of Jewelry and Apparel	Public Awareness and Education	Total Program	Management and General	Fundraising	Total Supporting Services	Total Expenses
Grants to affiliates	$ 1,331,981	$ -	$ -	$ -	$ 1,331,981	$ -	$ -	$ -	$ 1,331,981
Cost of jewelry and apparel	-	-	86,541	-	86,541	-	-	-	86,541
Payroll and related taxes	5,023	18,381	42,203	146,015	211,622	101,319	102,485	203,804	415,426
Professional fees	-	-	-	-	-	17,422	-	17,422	17,422
Direct fundraising	-	-	-	-	-	-	268	268	268
Conferences and conventions	-	-	11,541	23,083	34,624	-	11,541	11,541	46,165
Office supplies and other	354	1,295	2,973	10,286	14,908	7,138	7,220	14,358	29,266
Postage and printing	233	851	1,954	6,760	9,798	4,691	4,745	9,436	19,234
Processing and bank fees	9,185	-	9,186	9,185	27,556	-	9,186	9,186	36,742
Occupancy costs	266	973	2,234	7,728	11,201	5,362	5,424	10,786	21,987
Meals and travel	10,026	-	-	-	10,026	10,027	-	10,027	20,053
Mission team trip costs	-	-	-	112,874	112,874	-	-	-	112,874
Depreciation and amortization	129	471	1,081	3,742	5,423	2,596	2,626	5,222	10,645
Telephone	105	384	882	3,053	4,424	2,118	2,143	4,261	8,685
Advertising	-	-	-	-	-	1,875	1,875	3,750	3,750
Vehicle repairs	-	-	1,763	1,762	3,525	1,763	3,525	5,288	8,813
Insurance	17	62	142	490	711	340	343	683	1,394
Total	$ 1,357,319	$ 22,417	$ 160,500	$ 324,978	$ 1,865,214	$ 154,651	$ 151,381	$ 306,032	$ 2,171,246

The accompanying notes are an integral part of these financial statements

Destiny Rescue USA, Inc.
Statements of Cash Flows
For theYears Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ 105,139	$ 14,798
Adjustments to reconcile changes in net assets to net cash from operating activities -		
Depreciation and amortization	16,408	10,645
Unrealized loss on investments	88	-
Loss on disposal of property and equipment	9,579	-
(Increase) decrease in -		
Cash with paying agent	-	20,008
Contributions receivable	(32,194)	13,240
Prepaid expenses	(1,945)	(7,660)
Inventory	31,310	(20,249)
(Decrease) increase in -		
Accounts payables	21,429	30,744
Accrued payroll	28,137	(4,772)
Net cash provided by operating activities	177,951	56,754
Cash flows from investing activities:		
Purchase of property and equipment	(44,800)	(19,770)
Proceeds from sale of property and equipment	1,055	-
Purchase of trademark	(1,272)	(5,871)
Proceeds from sale of investments	2,168	2,674
Purchase of investments	(4,258)	-
Net cash (used in) investing activities	(47,107)	(22,967)
Cash flows from financing activities:		
Principal payments on note payable	(2,163)	-
Net cash (used in) financing activities	(2,163)	-
Net change in cash and cash equivalents	128,681	33,787
Cash and cash equivalents at beginning of year	417,128	383,341
Cash and cash equivalents at end of year	$ 545,809	$ 417,128
Supplementary cash flow disclosure:		
Interest paid	$ 6,692	$ 7,380
Non-cash investing and financing activities:		
Retired debt with issuance of bank note payable	$ 123,000	$ -

The accompanying notes are an integral part of these financial statements

Note 1: Nature of Organization and Significant Accounting Policies -

Nature of organization - Destiny Rescue USA, Inc. (the "Organization"), is an Indiana not-for-profit corporation organized for the purpose of raising awareness regarding human trafficking and child sex slavery, and for the purpose of raising financial assistance to support organizations involved in the rescue efforts of those children, their rehabilitation after rescue and activities to prevent future trafficking of children overseas.

Basis of accounting - The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded when liabilities are incurred.

Basis of presentation - Pursuant to current accounting standards, the Organization classifies its net assets as either unrestricted, temporarily restricted or permanently restricted. Each category is described as follows:

> Unrestricted net assets represent the net assets of the Organization that are not subject to donor-imposed stipulations. However, unrestricted net assets may be designated for particular uses by action of the Organization's board of directors, or may be otherwise limited by contractual agreements with outside parties.
>
> Temporarily restricted net assets represent the net assets of the Organization that are subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations, or that expire by the passage of time.
>
> Permanently restricted net assets represent the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time, nor can be fulfilled or otherwise removed by actions of the Organization. At December 31, 2015 and 2014, the Organization did not have any permanently restricted net assets.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased from operating revenues, and having a maturity of three months or less to be cash equivalents. The Organization has cash on deposit with two financial institutions, and is insured up to $250,000 by the FDIC. At December 31, 2015 and December 31, 2014, the Organization's uninsured cash balance totaled $273,046 and $163,696, respectively. However, the risk is managed by maintaining all deposits in high quality financial institutions. The Organization has not experienced any losses on these accounts, and management believes it is not subject to any significant credit risk on the excess amounts.

Inventories - Inventories consist primarily of jewelry items created by girls who have been rescued from sex slavery. These items are for resale, the proceeds from which support the ongoing care, counseling, and nurturing of these children. The inventory is valued at the lower of cost or market under the first-in, first-out method.

Investments - The Organization's investments are carried at fair value based on quoted market prices. Donated securities are recorded at fair value on the date of donations, or if sold immediately after receipt, at the amount of the sales proceeds realized. Investment income, which includes realized and unrealized gains and losses, dividends and interest are reported under the revenue and support section in the statement of activities.

Property and equipment - Property and equipment are stated at cost. Donated property and equipment is recorded at its estimated fair value as of the date of donation. Additionally, expenditures of $1,000 or more for new additions and repairs that substantially increase the useful lives of existing property and equipment are also capitalized. Normal repairs and maintenance are recorded as operating expenditures. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited to, or charged against, operations for the period.

Donations of property and equipment are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations on donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation of property and equipment is computed by the straight-line method over the estimated useful lives of the assets. For the year ended December 31, 2015 and 2014, depreciation expense was $16,408 and $10,645, respectively.

Revenue and support - Contributions and investment earnings are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction 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 are included in income in the period the gifts are pledged or received.

Functional allocation of expenses - The costs of providing the various programs and 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.

Income taxes - The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income. Additionally, the Organization is not considered to be a private foundation under section 509(a) of the Internal Revenue Code.

Current accounting standards require the Organization to address the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recorded in the financial statements. Under this guidance, the Organization 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 the Organization, and various positions related to the potential sources of unrelated business taxable income. The tax benefits that could be recognized in the financial statements from such positions would be measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2015 and 2014, there were no unrecognized tax benefits identified or recorded as liabilities. The Organization files Form 990 and the related state of Indiana return, and remains subject to examination by the Internal Revenue Service for the most recent three years.

Subsequent events - Management has evaluated the activities and transactions subsequent to December 31, 2015 for potential recognition and/or disclosure and determined that no subsequent events exist. This analysis was performed through May 3, 2016, the date the financial statements were available to be issued.

Note 2: Contributions Receivable - The contributions receivable balance at December 31, 2015 and 2014 consists of donations received in January 2016 and 2015, respectively, through the U.S. Postal Service from donors whose correspondence was post-marked in December 2015 and 2014, respectively. Therefore, the entire balance of the contributions receivable account is classified as current, and there was no consideration of an allowance for doubtful accounts as the entire balance was collected in January 2016 and 2015, respectively.

Note 3: Investments - Investments consist of the following at December 31, 2015 and 2014:

	2015	2014
Money market	$ -	$ 61
Equities	4,050	1,987
	$ 4,050	$ 2,048

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position and the statements of activities.

Investment income as of December 31, 2015 and 2014 is summarized as follows:

	2015	2014
Interest income	$ 244	$ 33
Net unrealized (losses)	(88)	-
	$ 156	$ 33

Note 4: Property and Equipment - The Organization's property and equipment and the related accumulated depreciation are summarized as follows at December 31, 2015 and 2014:

	2015	2014
Land	$ 35,965	$ 35,965
Building	92,982	92,982
Vehicles	27,972	30,706
Office furniture and equipment	26,380	20,476
Software	26,065	-
	209,364	180,129
Less: Accumulated depreciation	32,046	21,045
Property and equipment, net	$ 177,318	$ 159,084

Note 5: Debt - During the year ended December 31, 2015, the Organization refinanced its debt related to the administration office building purchased in 2013. The initial financing was obtained through the issuance of three notes with private investors totaling $123,000. The refinancing was through a local financial institution and calls for monthly payments of $950 for the first five years of the fifteen-year term, with interest at 4.29% per annum. These payments commenced on May 15, 2015. In years six through fifteen, monthly payments are estimated to be $953 using a variable rate of 4.34%, which is based off of the current weekly average yield of U.S. Treasury Securities adjusted to a constant maturity of five years of 1.34% plus a margin of 3%. This note is secured by the land and administrative office building.

Future minimum obligations related to this mortgage note payable are as follows:

2016	$ 6,595
2017	6,598
2018	6,887
2019	7,188
2020	7,490
Thereafter	86,079
	$120,837

Note 6: Temporarily Restricted Net Assets - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or passage of time. As of December 31, 2015 and 2014, the Organization's temporarily restricted net assets consisted of the following:

	2015	2014
Mission team trips	$ 39,921	$ 12,508
Missionary support	26,080	20,080
Rescue efforts in Thailand	1,074	1,928
Rescue efforts in Cambodia	2,255	700
Rescue efforts in India	12,453	6,443
Rescue efforts in Laos	1,216	3,510
Rescue efforts in Philippines	25	-
Rescue efforts in Dominican Republic	177,618	144,033
Rescue efforts in Myanmar	-	1,165
Unspecified rescue efforts	67,863	144,995
Destiny Threads	10,000	-
Other	1,804	-
Total Temporarily Restricted Net Assets	$ 340,309	$ 335,362

Note 6: Temporarily Restricted Net Assets (Continued) - During the year ended December 31, 2015 and 2014, temporarily restricted net assets were used for their intended purposes as follows:

	2015	2014
Mission team trips	$ 196,324	$ 151,560
Missionary support	-	1,920
USA office plants	54,784	58,998
Unspecified rescue efforts	485,633	560,511
Rescue efforts in India	-	100
Rescue efforts in Cambodia	56,710	22,011
Rescue efforts in Thailand	49,019	91,282
Rescue efforts in Laos	63,311	3,398
Rescue efforts in Dominican Republic	49,083	6,449
Rescue efforts in Myanmar	1,665	16,157
Rescue efforts in Philippines	2,729	27,206
	$ 959,258	$ 939,592

Note 7: Fair Value Measurements - Current accounting standards define fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principle or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair market values of its readily marketable investments and certain other assets based on the fair value hierarchy established, which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's own assumptions based on market data and assumptions that market participants would use in pricing the asset or liability developed, based on the best information available in the circumstances. Accounting standards further describe three levels of inputs within its hierarchy that may be used to measure fair value:

Level 1 Inputs: Quoted price for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices from nationally recognized securities exchanges.

Level 2 Inputs: Inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. The fair values of the Organization's money market investments are determined through inquiries of the financial institutions from which they originated. The fair market values are typically the original principle value plus accrued interest earned.

Level 3 Inputs: Unobservable inputs. At December 31, 2015 and 2014, the Organization did not have any investments that were considered Level 3 investments.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Note 7: Fair Value Measurements (Continued) - The investments of the Organization are assets measured at fair value on a recurring basis and are summarized below:

	Fair Value Measurements at December 31, 2015			
	Level 1	Level 2	Level 3	Total
Investments:				
Money Market	$ -	$ -	$ -	$ -
Equities	4,050	-	-	4,050
Mutual funds	-	-	-	-
Total Investments	$ 4,050	$ -	$ -	$ 4,050

	Fair Value Measurements at December 31, 2014			
	Level 1	Level 2	Level 3	Total
Investments:				
Money Market	$ 61	$ -	$ -	$ 61
Equities	1,987	-	-	1,987
Mutual funds	-	-	-	-
Total investments	$ 2,048	$ -	$ -	$ 2,048

Note 8: Special Events - In 2015, the Organization conducted its inaugural several special events to generate support for the ongoing rescue efforts of children sold into slavery. The revenue and related expenses for these events are as follows for the year ended December 31, 2015:

	2015	
	Taste For Freedom	Jazz For Justice
Revenue	$ 20,853	$ 37,112
Expense	11,927	5,007
Net proceeds	$ 8,926	$ 32,105

The revenue is reported on its own line within the statement of activities, and the related expenses are a component of fundraising expense, also within the statement of activities.

Note 9: Related Party Transactions - The Organization provides grants to other Destiny Rescue organizations around the world that are directly involved in the rescue efforts within the countries in which they are located. Currently there are no actual ownership interests in existence between the Organization and the other Destiny Rescue organizations that would require the consolidation or combination of financial statements pursuant to accounting principles generally accepted in the United States. However, the Organization's board president is also a member of the board of directors of the other Destiny Rescue organizations that are receiving grants from the Organization. Grants to the other Destiny Rescue organizations totaled $1,405,557 and $1,357,319 for the years ended December 31, 2015 and 2014, respectively.