

NOE INTERNATIONAL, INC.
YEARS ENDED DECEMBER 31, 2018 and 2017

TABLE OF CONTENTS

	Page
Independent Accountant's Compilation Report	1
Financial statements	
Statements of financial position	2
Statements of activities and changes in net assets	3
Statements of cash flows	4
Notes to financial statements	5-8

MARSHA K. ELLIOTT, CPA, P.C.

5285 Meadows Rd., Suite 200
Lake Oswego, OR 97035
Phone 503.974.5085
Fax 503.305.6788
marsha@cpasnw.com

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Board of Directors
NOE International, Inc.
Portland, Oregon

Management is responsible for the accompanying financial statements of NOE International, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Lake Oswego, Oregon
May 15, 2019

Marsha K Elliott CPA, P.C.

NOE INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2018 and 2017

Assets		2018	2017
Current Assets			
Cash and equivalents		\$ 111,865	\$ 133,735
Accounts receivable		-	1,837
Total Current Assets		111,865	135,572
Fixed Assets			
Automobiles		14,701	14,701
Furniture and equipment		18,690	18,690
Less accumulated depreciation		(33,391)	(32,615)
Net Fixed Assets		-	776
Total Assets		\$ 111,865	\$ 136,348

Liabilities And Net Assets

Current Liabilities			
Payroll liabilities		\$ 2,162	\$ -
Net Assets			
Unrestricted		109,703	136,348
Total Liabilities and Net Assets		\$ 111,865	\$ 136,348

See Accountant's Compilation Report

NOE INTERNATIONAL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 and 2017

	2018	2017
Revenue and Support		
Contributions	\$ 292,986	\$ 263,763
Special events	115,786	116,091
Other revenue	8	11
Total Revenue and Support	408,780	379,865
 Expenses		
Program services		
Compensation	46,944	74,789
Other	280,076	203,865
Total Program	327,020	278,654
Management and general	67,589	62,366
Fundraising	40,816	17,179
Total Expenses	\$ 435,425	\$ 358,199
 Increase (Decrease) in net assets	(26,645)	21,666
 Net Assets		
Beginning of year	\$ 136,348	\$ 114,682
End of year	\$ 109,703	\$ 136,348

NOE INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ (26,645)	\$ 21,666
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	776	930
Accounts receivable	1,837	-
Payroll liabilities	2,162	-
Net cash (used by)/ provided by operating activities	(21,870)	22,596
Net (decrease)/ increase in cash	(21,870)	22,596
Cash, beginning of year	133,735	111,139
Cash, end of year	\$ 111,865	\$ 133,735

Supplemental disclosures of cash flow information

Interest paid during the year	\$ -	\$ -
Income taxes paid during the year	\$ -	\$ -

NOE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 and 2017

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of the organization – NOE International, Inc. (NOE) (Nuevas Oportunidades Educativas) is a not-for-profit organization that was originally incorporated in 1988 under the laws of the State of Oregon. NOE's mission is to provide support to the NOE Center, a non-denominational Christian community center in Mexico. The mission of the NOE Center is to transform the lives of young people by integrating Christ's love and teaching through community center based educational programs located in low income neighborhoods. The NOE Center encourages a positive self-concept, academic excellence, creative expression, recreational skills and social responsibility in the young people of Mexico. NOE is supported by donations from various individuals and foundations.

Adoption of new accounting standard – On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The 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. NOE has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which resulted in no change to the total previously reported net assets.

Basis of presentation –The financial statements of NOE International, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require NOE to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of NOE's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of NOE or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

NOE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 and 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Furniture and equipment - Furniture and equipment are stated at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Furniture and equipment are depreciated over five to seven years. Asset acquisitions in excess of \$1,000 are capitalized and depreciated. Depreciation expense for the years ended December 31, 2018 and 2017 was \$776 and \$930 respectively.

Contributions - Contributions received are recorded as increases in net assets with or without donor restriction depending on the existence or nature of any donor restrictions. When a donor-imposed restriction is satisfied, either by satisfaction of the purpose restriction or the passage of time, net assets with donor restriction are reported as reclassifications between the applicable classes of net assets. Marketable securities, received as contributions, are recorded at their estimated market value. Increases or decreases in market value are recorded as unrealized gain or loss until the securities are sold; when sold, gain or loss is recognized.

Donated services - Voluntary services donated by individuals and businesses have not been reflected in the financial statements. The impact of those services upon the financial statements is unknown as there is no objective basis available to measure the value of such services. However, because recognition of donated services as revenue would also involve recognition of corresponding expenses, there would be no effect on net assets or the change in net assets. There are no material specialized services donated or material donations that create or enhance nonfinancial assets.

Cash and cash equivalents - For purposes of the Statements of cash flows, NOE considers all highly liquid debt instruments purchased with a maturity of six months or less to be cash equivalents.

Income tax status - NOE is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code therefore, provisions for federal and state income taxes are not required. In management's opinion, NOE does not have any unrelated trade or business income in excess of \$1,000.

Financial instruments - Financial instruments, which could potentially subject NOE to credit risk, consist primarily of bank demand deposits. NOE places its temporary cash investments with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts in excess of any FDIC coverage are not insured. NOE has not experienced any losses on these financial instruments. There were no amounts in excess of FDIC coverage as of December 31, 2018.

NOE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 and 2017

1. SIGNIFICANT ACCOUNTING POLICES (continued)

Concentrations - Concentrations related to donors are as follows: for the year ended December 31, 2018, one major donor contributed approximately \$55,000, which is 13.45 percent of total contributions and fourteen donor contributions comprised 22 percent of total contributions received. For year ended December 31, 2017, two major donors contributed approximately 26 percent of total contributions and four donor contributions comprised 32 percent of total contributions received.

Fair value - NOE estimates the fair value of its monetary assets and liabilities based upon existing interest rates to such assets and liabilities compared to the current market rates of interest for instruments of similar nature and degree of risk. The recorded amount of NOE'S assets and liabilities reflected in the statement of financial position approximate their fair values principally because of the short-term nature of the significant items.

2. RECEIVABLES

NOE has no receivables at December 31, 2018. The prior year receivables of \$1,837 represented amounts deemed uncollectable. Management has expensed the full amount in the current year.

3. RELATED PARTY TRANSACTIONS

Contributions from board members, employees, and management were \$34,680 for the year ended December 31, 2018 and \$22,767 for year ended December 31, 2017.

Donations made to the NOE Center in Mexico totaled \$260,100 for the year ended December 31, 2018 and \$160,000 for the year ended December 31, 2017.

4. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

All NOE's financial assets are liquid and maintained in three regional bank accounts. The largest concentration of holdings is in a checking account used for general and payroll expenses. Excess funds are transferred to the General Money Market and Building Fund accounts. All funds are available for ongoing operations, NOE does not have any donor or board designated funds.

NOE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 and 2017

5. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis, in the consolidated Statements of activities, accordingly, certain costs have been allocated among the programs and supporting services benefited. The primary allocation of costs is related to compensation and benefits for employees whose work includes both program service and supporting service components based on estimates of their labor hours.

	NOE				
	Community Educational Center	Management and general expenses	Fundraising expenses	2018 Totals	2017 Totals
Bank fees	\$ -	\$ 5,680	\$ -	\$ 5,680	\$ 3,431
Depreciation	-	776	-	776	930
Employee benefits	561	-	-	561	477
Event expenses	-	-	19,276	19,276	11,109
Mileage reimbursement	-	915	-	915	567
Miscellaneous	-	1,780	-	1,780	2,039
Morelia donations and expenses	261,108	-	-	261,108	177,000
Office expense	434	5,613	-	6,047	3,193
Postage and mailing	-	2,032	-	2,032	1,351
Printing and copying	-	3,073	33	3,106	1,550
Professional services	250	4,985	10,000	15,235	16,500
Reimbursed expenses	6,761	-	-	6,761	8,717
State licenses	-	1,039	-	1,039	1,011
Travel	6,978	-	-	6,978	4,982
Wages & payroll taxes	50,928	41,696	11,507	104,131	125,342
	<u>\$ 327,020</u>	<u>\$ 67,589</u>	<u>\$ 40,816</u>	<u>\$ 435,425</u>	<u>\$ 358,199</u>

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 15, 2019, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.