NONPROFIT ENTERPRISE AND SELF-SUSTAINABILITY TEAM, INC.

(A Nonprofit Corporation)

FINANCIAL REPORT

DECEMBER 31, 2015

CONTENTS

BOWMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Nonprofit Enterprise and Self-sustainability Team, Inc.
(A Nonprofit Corporation)
Oakland, California

Report on Financial Statements

We have audited the accompanying financial statements of **Nonprofit Enterprise and Self-sustainability Team, Inc. (A Nonprofit Corporation)** which comprise of the statement of financial position as of December 31, 2015, and the related statement 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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Bowman & Company, LLP

Established 1949
www.cpabowman.com

10100 Trinity Parkway, *Suite* 310
Stockton, CA 95219

Telephone: 209.473.1040
Facsimile: 209.473.9771

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nonprofit Enterprise and Self-sustainability Team, Inc. as of December 31, 2015 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on page 11 is presented for the purpose of additional analysis of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 taken as a whole.

Bowman & Company, L.L.P.

Bowman & Company, LLP
Stockton, California
May 6, 2016

NONPROFIT ENTERPRISE AND SELF-SUSTAINABILITY TEAM, INC.
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

Year Ended December 31, 2015

ASSETS	
Cash and cash equivalents	$ 1,296,058
Accounts receivable, less allowance of $0	6,006
Grants receivable, less allowance of $0	120,562
Loans receivable	164,008
Furniture and equipment, less accumulated depreciation of $34,614	17,514
Prepaid and other assets	9,227
Deposits	24,428
Total assets	$ 1,637,803
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 52,215
Accrued vacation and salary payable	77,463
Deferred revenue	87,342
Loans payable	234,925
Total liabilities	451,945
NET ASSETS	
Unrestricted	(33,008)
Temporarily restricted	1,218,866
Total net assets	1,185,858
Total liabilities and net assets	$ 1,637,803

NONPROFIT ENTERPRISE AND SELF-SUSTAINABILITY TEAM, INC.
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Private contributions and grants	$ 426,137	$ 1,139,767	$ 1,565,904
Government grants	463,364	- -	463,364
Contracts	278,524	- -	278,524
In-kind contributions	99,473	- -	99,473
Investment returns	1,053	- -	1,053
Foreign currency loss	(72,160)	- -	(72,160)
Net assets released from restrictions:			
Private contributions and grants	895,421	(895,421)	- -
Total support and revenue	2,091,812	244,346	2,336,158
EXPENSES			
Program services	1,814,741	- -	1,814,741
General and administrative	167,861	- -	167,861
Fundraising	101,044	- -	101,044
Total expenses	2,083,646	- -	2,083,646
Change in net assets	8,166	244,346	252,512
Net assets, beginning of year	(41,174)	974,520	933,346
Net assets, end of year	$ (33,008)	$ 1,218,866	$ 1,185,858

See Notes to Financial Statements.

NONPROFIT ENTERPRISE AND SELF-SUSTAINABILITY TEAM, INC.
(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS
Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	252,512
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		9,830
Loss on disposition of furniture		682
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable		(1,916)
Grants receivable		23,902
Prepaid and other assets		3,362
Deposits		(14,285)
(Decrease) increase in:		
Accounts payable		14,248
Accrued vacation and payroll related expenses		(12,422)
Deferred revenue		87,342
Net cash provided by operating activities		363,255
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment		(3,105)
Proceeds from sale of equipment		388
Loans made		(238,585)
Collections on loans		118,656
Net cash used in investing activities		(122,646)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payables		234,925
Net cash provided by financing activities		234,925
Increase in cash and cash equivalents		475,534
Cash and cash equivalents, beginning of year		820,524
Cash and cash equivalents, end of year	$	1,296,058

See Notes to Financial Statements.

NONPROFIT ENTERPRISE AND SELF-SUSTAINABILITY TEAM, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Operations and Significant Accounting Policies

Summary of Operations:

Nonprofit Enterprise and Self-sustainability Team, Inc., "NESsT" (the Organization), a Maryland nonprofit corporation, was founded in 1997. NESsT develops and invests in sustainable social enterprises that solve critical social problems in emerging market countries. NESsT's major support is from private contributors, grants and consulting income. The financial statements represent all of NESsT's operations worldwide including the USA, Europe and Latin America.

A summary of significant accounting policies is as follows:

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not have any permanently restricted net assets. The net asset categories are as follows:

Unrestricted net assets:

Unrestricted net assets are those net assets presently available for use by NESsT at the discretion of the Board of Directors.

Temporarily restricted net assets:

Temporarily restricted net assets reflect donor contributions with restrictions that expire when a time restriction ends or purpose restriction is accomplished.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Cash is on deposit in Brazil, Chile, Hungary, Peru, Romania, Croatia, Argentina and the United States. The balances are insured with their respective governments. At December 31, 2015, balances in Peru, Hungary, Romania and the United States were in excess of insured limits by $572,094.

Furniture and Equipment

Furniture and equipment are stated at cost. Expenditures for furniture and equipment costing over $1,000 are capitalized. All expenditures for computers are capitalized. Depreciation is calculated over fifteen to five years using the straight-line method. Accumulated depreciation as of December 31, 2015 was $34,614.

Note 1. Summary of Operations and Significant Accounting Policies (Cont.)

Allowance for Bad Debts

Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however the effect of using the direct write-off method is not materially different from the results that would be obtained under the allowance method.

Fair Value of Financial Instruments

The carrying amount of financial instruments, including cash, accounts receivable and accounts payable approximate their value due to the short-term maturities of these instruments.

Revenue Recognition

The Organization recognizes fee-for-service funds received from grants and contracts when earned under the terms outlined in the grants and contracts. The unearned portion is recorded as deferred income. Cost reimbursement revenue from grants and contracts are recognized when the associated expenses are recognized.

Income Taxes

The Organization has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3) and applicable state regulations. Accordingly, no provision for income tax has been included in these financial statements.

The Organizations' Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through May 6, 2016, the date on which the financial statements were available to be issued.

NONPROFIT ENTERPRISE AND SELF-SUSTAINABILITY TEAM, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 2. Loans Receivable

In March 2010, the Organization loaned $56,000 to Kek Madar Alapitvany (the Foundation), a foundation in Hungary, for the purposes of purchasing a new building to house the Foundation's operations and to implement the expansion of a restaurant, Izlelo, which is part of the Foundation's social enterprise program. The terms of the unsecured loan is six years with $9,167 annual principal payments and annual transaction fee of 1.5% calculated on the outstanding balance. The transaction fee is forgiven if Izlelo meets its financial projections or failure to meet the projections is less than 5%. The outstanding balance at December 31, 2015 and 2014 was $9,167 and $19,828, respectively.

As of December 31, 2013, $27,932 had been loaned to Fruit of Care Nonprofit Kft (FoC), a nonprofit limited liability company in Hungary, for the purpose of supporting FoC's business plan for the expansion of their social enterprise. The loans mature in 2016 and 2017. Interest on one loan was forgiven and the other loan is interest free. The unsecured loans are not discounted to account for below market interest rates as the discounted amount would not be material to the financial statements. The outstanding balance at December 31, 2015 and 2014 was $24,252.

In June 2015, the Organization loaned $35,000 to Upasol, a foundation in Chile that operates a free collection service for recyclable household goods, for the purpose of acquiring equipment and investing in the infrastructure of Upasol. The terms of the unsecured loan include five annual principal payments of $7,000, with the first payment due May 2016. The loan is interest free. The loan is not discounted to account for the below market interest rate as the discounted amount would not be material to the financial statements. The outstanding balance of the loan at December 31, 2015 was $35,000.

In July 2015, the Organization loaned $49,915 and $27,536 to Inkamoss, a Peruvian social enterprise that trains and supports small farmer suppliers in remote Andean communities to process sphagnum moss, for the purpose of acquiring two production lines and investing in the infrastructure of Inkamoss. The terms of the $49,915 unsecured loan include sixty monthly payments, starting January 2016, of $1,474 including interest at 4% per annum. The terms of the $27,536 unsecured interest free loan include twenty-four monthly payments of $1,147 beginning January 2017. The outstanding balance of the loans at December 31, 2015 was $80,589, which includes accrued interest of $3,137.

In July 2015, the Organization loaned $15,000 to Kiva, a web-based business that allows website users throughout the world to connect with organizations that provide small loans to individuals or groups in developing countries, to assist in increasing the popularity of Inkamoss on the Kiva website. The loan is interest free and is due December 2018. The outstanding balance of the loan at December 31, 2015 was $15,000.

NONPROFIT ENTERPRISE AND SELF-SUSTAINABILITY TEAM, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 3. Loans Payable

Unsecured note payable, RAF, due the sooner of June 2016 or upon reimbursement from the 2015 completion of the project, interest rate of 0%. The financial statements do not reflect an adjustment to discount this note.	$	150,000
Unsecured $200,000 line of credit, Kiva, interest rate of 0%. Monthly payments due as payments are collected from Upasol and Inkamoss' loan receivables. The financial statements do not reflect an adjustment to discount this note.		84,925
Total		234,925
Less current maturities		173,642
Total long-term debt	$	61,283

Estimated long-term debt maturities for the next five years consist of the following at December 31:

2016	$	173,642
2017		23,642
2018		23,642
2019		7,000
2020		6,999
	$	234,925

Note 4. Lease Commitments

NESsT is obligated under several operating leases for buildings. Aggregate rental expense under leases for the year ended December 31, 2015 was $41,952.

Total future minimum lease payments under the non-cancelable leases for the years ended December 31, 2016 and 2017 are $22,942 and $41, respectively.

NONPROFIT ENTERPRISE AND SELF-SUSTAINABILITY TEAM, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 5. In-Kind Donations

The Organization received in-kind donations of legal services which are valued at fair market wage for the particular service. The in-kind donated services of $99,473 are recorded as revenue and expenses, in accordance with accounting principles generally accepted in the United States of America.

Note 6. Contingent Liabilities

NESsT has employees in Brazil, Hungary, Peru, Croatia, and Romania. Under these countries' labor laws, if NESsT terminates their employees they must pay the terminated employee a severance package based on that employee's length of employment. NESsT has not reflected a liability on the Statement of Financial Position because management currently has no plans to terminate any employees within those countries.

The Organization's grant activities are subject to inspection and audit by the appropriate funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Organization has no provision for the possible disallowance of program costs.

SUPPLEMENTARY INFORMATION

NONPROFIT ENTERPRISE AND SELF-SUSTAINABILITY TEAM, INC.
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

	Program Expenses	General and Administrative	Fundraising	Total
Salaries and payroll taxes	$ 822,501	$ 149,385	$ 88,302	$ 1,060,188
Grants and allocations	434,733	- -	- -	434,733
Travel	123,377	78	1,914	125,369
Contractors	119,472	- -	- -	119,472
In-kind expenses	87,795	5,389	6,288	99,472
Occupancy	58,125	1,071	1,334	60,530
Event supplies and photography	37,079	- -	469	37,548
Professional fees	30,596	1,999	2,332	34,927
Miscellaneous expenses	21,940	6,605	293	28,838
Communication	21,008	- -	- -	21,008
Accounting fees	16,999	1,627	- -	18,626
Conferences and conventions	10,031	280	- -	10,311
Printing and publications	9,394	153	- -	9,547
Supplies, small equipment purchases and photocopies	6,976	686	- -	7,662
Legal fees	2,576	492	- -	3,068
Postage and shipping	1,627	96	112	1,835
Total expenses before depreciation	1,804,229	167,861	101,044	2,073,134
Depreciation	9,830	- -	- -	9,830
Loss on disposal of equipment	682	- -	- -	682
Total expenses	$ 1,814,741	$ 167,861	$ 101,044	$ 2,083,646