

**NIZHONI INSTITUTE OF MIDWIFERY INC.**

**Financial Statements  
And  
INDEPENDENT AUDITOR'S REPORT**

**For The Year Ended**

**September 30, 2016**



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## McKinney & McPeak CPA's

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### **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Nizhoni Institute of Midwifery, Inc.  
San Diego, California

We have audited the accompanying financial statements of the Nizhoni Institute of Midwifery, Inc., a nonprofit organization, which comprise the statement of financial position as of September 30, 2016 and the related Statements of Activities & Change in Net Position and Cash Flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

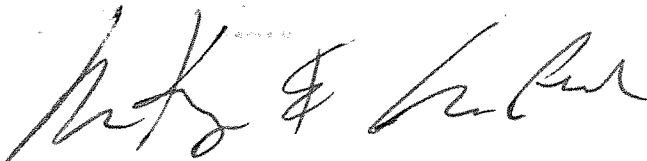
Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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 the Nizhoni Institute of Midwifery, Inc. as of September 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'M. K. & S. R.', is written over the printed name of the auditor.

November 30, 2016

**NIZHONI INSTITUTE OF MIDWIFERY INC.**  
**STATEMENT OF NET POSITION**  
**September 30, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash on hand and in bank (Note 3)	\$	27,913	
Investments		46,274	
Accounts Receivable		14,163	
Total Current Assets		88,350	\$

**OTHER ASSETS**

Total Other Assets

**TOTAL ASSETS**

\$ 88,350

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts payable	\$	-	
Deferred revenue		6,021	
		-	
Total liabilities		6,021	\$

**NET POSITION**

Unrestricted		82,329	
Temporarily Restricted		-	
Permanently Restricted		-	
Total Net Position		82,329	
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>88,350</b>	<b>\$</b>

See accompanying notes.

**NIZHONI INSTITUTE OF MIDWIFERY INC.**  
**STATEMENT OF ACTIVITIES & CHANGE IN NET POSITION**  
**For the Year Ended September 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 1,300	\$ -	\$ -	\$ 1,300
Tuition & Fees	264,643			264,643
Rental Income	862			862
Unrealized Gain (loss) on Investments	981			981
Interest	2			2
Total Support and Revenues	<u>\$ 267,788</u>	<u>\$ -</u>		<u>\$ 267,788</u>
<b>EXPENSES</b>				
Program	247,846			247,846
Fund Raising	-			-
Administration	33,404	-		33,404
Total Expenses	<u>281,250</u>	<u>-</u>		<u>281,250</u>
Changes in Net Position	(13,462)	-		(13,462)
Net Position at Beginning of Year	<u>95,791</u>	<u>-</u>		<u>95,791</u>
Net Position at End of Year	<u>\$ 82,329</u>	<u>\$ -</u>		<u>\$ 82,329</u>

See accompanying notes.

**NIZHONI INSTITUTE OF MIDWIFERY INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Year Ended September 30, 2016**

	<u>Program</u>	<u>Fund</u> <u>Raising</u>	<u>Administration</u>	<u>2016</u> <u>Total</u>
Accounting & Professional	\$ -	\$ -	\$ 6,132	\$ 6,132
Accreditation	14,355	-	-	\$ 14,355
Advertising	1,064	-	-	\$ 1,064
Bank Fees	-	-	100	\$ 100
Cash short	-	-	-	\$ -
Computers & Technology	5,346	-	-	\$ 5,346
Donations	669	-	-	\$ 669
Dues, Licenses & Fees	773	-	-	\$ 773
Graduation Costs	1,812	-	-	\$ 1,812
Insurance	10,860	-	-	\$ 10,860
Library Costs	1,359	-	-	\$ 1,359
Maintenance & Repairs	532	-	-	\$ 532
Meals	590	-	-	\$ 590
Miscellaneous	-	-	-	\$ -
Miodules	500	-	-	\$ 500
Office Supplies	1,934	-	810	\$ 2,744
Postage & Delivery	114	-	-	\$ 114
Rent	33,810	-	-	\$ 33,810
Salaries & Wages	153,215	-	21,219	\$ 174,434
Staff Development & Workshops	1,734	-	-	\$ 1,734
Taxes Payroll	13,991	-	1,938	\$ 15,929
Teaching Materials & Books	2,971	-	-	\$ 2,971
Telephone	-	-	3,205	\$ 3,205
Utilities	2,217	-	-	\$ 2,217
<b>Total Program Services</b>	<u>\$ 247,846</u>	<u>\$ -</u>	<u>\$ 33,404</u>	<u>\$ 281,250</u>

See accompanying notes.

**NIZHONI INSTITUTE OF MIDWIFERY, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended September 30, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in net position	\$ (13,462)	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in receivables	6,012	
(Increase) decrease in investments	(981)	
Increase (decrease) in deferred revenue	<u>1,039</u>	
Net Cash Provided (Used) By Operating Activities		<u>(7,392)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net Cash Provided (Used) By Investing Activities	<u>-</u>	<u>-</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Net Cash Provided (Used) By Financing Activities	<u>-</u>	<u>-</u>
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**NET CHANGE IN CASH & CASH EQUIVALENTS** (7,392)

**CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR** 35,305

**CASH & CASH EQUIVALENTS AT END OF YEAR** 27,913

See accompanying notes.

**NIZHONI INSTITUTE OF MIDWIFERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES & ORGANIZATION**

**Organization**

The Nizhoni Institute of Midwifery, Inc. was incorporated on June 30, 2005 to assist in the teaching of midwifery. This is a public nonprofit corporation and is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code with a similar exemption under state laws.

**Basis of Presentation**

The Nizhoni Institute of Midwifery, Inc adopted an accounting standard which establishes standards for general purpose external financial statements provided by not for profit organizations and among other provisions, requires the classification and disclosures of net assets, revenues, expenses, gains and losses based on the existence or absence of donor imposed restrictions. The Nizhoni Institute of Midwifery, Inc currently has only one class of net assets, unrestricted.

Contributions received shall be reported as increases in unrestricted net assets unless uses of the assets are limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets. Once the donor stipulated purpose has been fulfilled or the stipulated time period has elapsed, assets are reclassified from temporarily restricted to unrestricted.

Services of various organizations and individuals are donated to the Nizhoni Institute of Midwifery, Inc. This significant community involvement makes the operation of the institute possible. During the year many hours of volunteer's time was donated to the institute. This community involvement saved the institute money that otherwise would have had to be paid out in wages to operate the institute. These amounts have not been recognized in the accompanying financial statements under FASB accounting standards codification 958-205-25-16.



**NIZHONI INSTITUTE OF MIDWIFERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2016

**2. Income Taxes**

The organization is a non-profit organization under section 501c(3) which is exempt from income taxes except for unrelated business income tax on net income from sources not related to the organization's primary exempt function.

**3. Cash in Bank**

Cash on hand and in bank consists of checking and savings accounts. These accounts, at times, may exceed federally insured limits. Nizhoni has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

**4. Investments**

Investments consist of mutual funds and are carried at fair market value. Unrealized gains and losses are included as unrestricted revenue.

**5. Accounts receivable**

Receivables are shown at their estimated realizable value based on a review by management.

The direct method is used to record bad debt expense. This method does not produce a material difference from the allowance method. Hence there is no allowance for doubtful accounts as of September 30, 2015.

**6. Deferred Revenue**

Deferred revenue consists of tuition received in advance of when due.

**7. Functional allocation of expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NIZHONI INSTITUTE OF MIDWIFERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2016

**8. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

**9. Operating Lease**

Nizhoni leases space under operating lease agreements. Future minimum lease payments are:

Year ending September 30, 2017	<u>27,660</u>
	<u>\$40,040</u>

**10. Subsequent events**

The Institute has evaluated the impact of subsequent events through November 30, 2016, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.