



Reliv Kalogris Foundation

Financial Statements

Years Ended December 31, 2016 and 2015



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Phone 314.862.2070 | Fax 314.862.1549 | www.muellerprost.com
St. Louis | 7733 Forsyth Blvd. | Suite 1200 | St. Louis | MO | 63105
St. Charles | 2460 Executive Drive | St. Charles | MO | 63303
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Reliv Kalogris Foundation

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Independent Auditors' Report

Board of Trustees
Reliv Kalogris Foundation
Chesterfield, Missouri

We have audited the accompanying financial statements of Reliv Kalogris Foundation (the "Foundation") (an Illinois Non-Profit Organization), which comprise the statements of cash receipts and cash disbursements and statements of functional expenses for the years ended December 31, 2016 and 2015, and the related notes to the financial statements.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash receipts and cash disbursement basis of accounting as described in Note 2; this includes determining that the cash receipts and cash disbursements basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and cash disbursements of Reliv Kalogris Foundation for the years ended December 31, 2016 and 2015, in accordance with the cash receipts and cash disbursements basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash receipts and cash disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

June 15, 2017
St. Louis, Missouri

Mueller Probst LC

Certified Public Accountants

Reliv Kalogris Foundation
Statements of Cash Receipts and Cash Disbursements
Years Ended December 31, 2016 and 2015

	2016	2015
Unrestricted Support and Revenue from Cash Receipts		
Contributions	\$ 837,210	\$ 882,692
Fundraising	26,678	55,107
Donation from Foundation Sponsor	-	37
Interest	4,154	2,440
Total Unrestricted Cash Receipts	868,042	940,276
 Cash Disbursements		
Program Services	917,669	920,298
Support Services:		
General and Administrative	21,680	23,616
Fundraising	1,817	29,319
Total Cash Disbursements	941,166	973,233
Deficiency of Cash Receipts over Cash Disbursements	(73,124)	(32,957)
Unrestricted Cash Balance - Beginning of Year	669,641	702,598
Unrestricted Cash Balance - End of Year	\$ 596,517	\$ 669,641

Reliv Kalogris Foundation
Statements of Functional Expenses
For the Year Ended December 31, 2016

	Program Services			Support Services			Total
	<i>Nourish</i>	Feeding	Total	Fund-	General and	Total	
	<i>Our</i>	Center					
	<i>World</i>	Support	Programs			Services	
<u>Cash Disbursements-Unrestricted</u>							
Nutritional Products (including distribution)	\$ 763,121	\$ -	\$ 763,121	\$ -	\$ -	\$ -	\$ 763,121
Program Managers' Stipend	94,832	-	94,832	-	-	-	94,832
Travel	35,539	-	35,539	-	-	-	35,539
Equipment	2,530	-	2,530	-	-	-	2,530
Special Event	-	-	-	1,517	-	1,517	1,517
Promotional Materials	-	-	-	300	-	300	300
Accounting & Consulting Fees	-	-	-	-	14,000	14,000	14,000
Government Registration Fees	-	-	-	-	4,040	4,040	4,040
Supplies and Other	14,208	7,439	21,647	-	3,640	3,640	25,287
	\$ 910,230	\$ 7,439	\$ 917,669	\$ 1,817	\$ 21,680	\$ 23,497	\$ 941,166

See accompanying notes to financial statements.

Reliv Kalogris Foundation
Statements of Functional Expenses
For the Year Ended December 31, 2015

	Program Services			Support Services			Total
	<i>Nourish</i>	Feeding	Total	Fund-	General and	Total	
	<i>Our</i>	Center					
	<i>World</i>	Support	Programs			Services	
<u>Cash Disbursements-Unrestricted</u>							
Nutritional Products (including distribution)	\$ 772,236	\$ -	\$ 772,236	\$ -	\$ -	\$ -	\$ 772,236
Program Managers' Stipend	100,087	-	100,087	-	-	-	100,087
Donation	-	11,665	11,665	-	-	-	11,665
Travel	21,124	-	21,124	-	-	-	21,124
Special Event	-	-	-	28,010	-	28,010	28,010
Promotional Materials	-	-	-	1,309	-	1,309	1,309
Accounting & Consulting Fees	-	-	-	-	13,935	13,935	13,935
Government Registration Fees	-	-	-	-	5,964	5,964	5,964
Supplies and Other	5,611	9,575	15,186	-	3,717	3,717	18,903
	\$ 899,058	\$ 21,240	\$ 920,298	\$ 29,319	\$ 23,616	\$ 52,935	\$ 973,233

Reliv Kalogris Foundation

Notes to Financial Statements

1. Nature and Purpose of the Organization

The Reliv Kalogris Foundation (the “Foundation”) (formerly Kalogris Foundation) is an Illinois not-for-profit corporation and registered in all states in which it conducts business. The Internal Revenue Service has issued a ruling that the Foundation is a Section 501(c)(3) charitable organization and qualifies as a public charity under Section 509(a)(1) of the Internal Revenue Code. As such, it is exempt from federal income taxation on related income.

It is the mission of the Foundation to provide needy individuals (the indigent and victims of natural disasters) with nutritional products. This mission is accomplished through gifts of nutritional products directly to needy individuals as well as food banks, homeless shelters, rehabilitation centers, and disaster relief groups in the United States and selected foreign countries. The Foundation’s goal is to *Nourish our World* through the delivery of its nutritional products to the needy.

The Foundation is sponsored by Reliv International, Inc. (Reliv), a for-profit corporation which is headquartered in Chesterfield, Missouri. Reliv conducts its operations and sells its products through an international network marketing system using independent distributors. The Foundation’s primary source of revenue is donations from Reliv’s independent distributors.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the cash receipts and cash disbursements basis of accounting. Under this methodology, revenues and expenses are recorded when cash is received or paid by the Foundation. This method differs from the accrual basis of accounting under generally accepted accounting principles in which revenues and expenses are recognized in the financial statements when earned or incurred. Also, under the cash receipts and cash disbursements basis of accounting, non-cash contributions are not recognized. Accordingly, the accompanying financial statements are not intended to present the financial position or results of operations in conformity with generally accepted accounting principles.

Cash Equivalents

Cash and cash equivalents include bank demand deposits and certificates of deposit funds with a maturity date of one year or less when purchased.

Reliv Kalogris Foundation
Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Foreign Currency Translation

The Foundation's reporting currency for its financial statements is the United States dollar. The Foundation also receives donations and makes expenditures in foreign currencies. In these instances, transaction amounts are translated using the transaction's actual currency exchange rate or the month-end currency exchange rate incurred upon settlement of the transaction. The exchange transactions are completed by Reliv on behalf of the Foundation before the cash is transferred to the Foundation.

Functional Expenses

The costs of the Foundation's programs and supporting services have been reported on a functional basis. This requires allocation of certain costs among the various programs and supporting services based on estimates made by management.

Program Services

Program services costs primarily consist of the Foundation's expenditures to purchase and distribute nutritional products to the needy in the United States and selected foreign countries. In certain impoverished foreign country locations, the Foundation has developed "feeding programs" which serve as a central location for the needy to receive his or her daily serving of nutrition. In these instances, the Foundation may also pay a stipend to a local country-based independent contractor who coordinates the local feeding program on its behalf.

In 2016 and 2015, utilizing unrestricted funds, the Foundation made a series of donations to local organizations totaling \$7,439 and \$21,240, respectively. These donations fund infrastructure improvements or maintenance to Foundation sponsored local feeding programs, as follows:

Reliv Kalogris Foundation
Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Program Services (continued)

	2016	2015
<u>Cavite, Philippines</u> : Routine facility maintenance, (includes 2015 electrical fire damage repairs), to a building constructed with a Foundation grant in 2007 to house local feeding program.	\$ 2,564	\$ 8,646
<u>St. John the Baptist National School of Petite-Anse, Haiti</u> : Routine facility maintenance of school. In prior years, the Foundation provided funding for the repair, reinforcement and refurbishing of this school that was damaged in a 2010 earthquake. Children living in the Cap Haitien Orphanage Facility as well as children from the surrounding neighborhood attend. The original project was completed in December 2013.	760	800
<u>Cathedral of Cap Haitien Orphanage Facility</u> : 2015 expenditures include new mattresses and sheets, as well as routine facility maintenance to a building constructed in 2011 & 2012 to house children orphaned as a result of the January 2010 Haiti earthquake. The kitchen in the building also supports a feeding center. Construction of the orphanage facility was completed in 2012.	3,715	11,145
<u>Haiti (multiple locations)</u> : Purchase and install low-volume water filtration systems needed for nutritional product preparation at local feeding programs.	-	649
<u>Other</u>	400	-
	\$ 7,439	\$ 21,240

Reliv Kalogris Foundation Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Restricted Funds

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted cash, depending on the existence and/or nature of any donor restrictions. There were no temporarily restricted contributions received in the years ended December 31, 2016 and 2015. The Foundation has not received any permanently restricted donations.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Therefore, there are no provisions for income taxes reflected in these financial statements. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2016 and 2015.

The Foundation's information returns, for the years ending 2016, 2015, 2014 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Recent Accounting Standards

The Financial Accounting Standards Board has issued new guidance (Accounting Standards Update No. 2016-14) on financial reporting for not-for-profit entities. The guidance requires a not-for-profit entity to present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, a not-for-profit entity will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets. The guidance also requires a not-for-profit entity to present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than that of the currently required three classes. Not-for-profit entities will continue reporting the currently required amount of the change in total net assets for the period. The guidance also requires enhanced disclosures about the not-for-profit entity's liquidity, financial performance, and cash flows. The guidance will be required for the first fiscal year beginning after December 15, 2017. While certain financial reporting presentation sections of the new accounting standard are not applicable to the Foundation, based on a preliminary analysis, the Foundation expects the new guidance will have a significant impact on the presentation of its financial statements.

3. Related Party Transactions

As stated in Note 1, the Foundation's primary source of revenue is donations received from Reliv's independent distributors. Donations received from Reliv and its employees as well as proceeds from fundraising events held by the Foundation and Reliv independent distributors comprise the remainder of the Foundation's non-interest revenue.

Reliv Kalogris Foundation Notes to Financial Statements

3. Related Party Transactions (Continued)

The Foundation also receives support from Reliv consisting of the free use of Reliv's office facilities, office equipment, and overall general and administrative office support. Reliv also bears the total compensation costs of the Foundation's two full-time employees in the United States as well as other Reliv employees who, from time to time, assist with the Foundation's operations.

In 2012, an individual who previously provided Haiti region program consulting services directly to the Foundation was hired as a part-time Reliv employee to continue this work. The Foundation reimburses Reliv for the compensation costs for this individual.

To provide its program services, the Foundation purchases nutritional products from Reliv. The purchases are valued at Reliv's cost to manufacture and distribute the product. The Foundation determines the nature, timing, and distribution of all nutritional products purchased from Reliv and delivered to its recipients. For 2016 and 2015, payments to Reliv by the Foundation for products and related distribution totaled \$753,113 and \$759,240, respectively.

4. Significant Funders

The Foundation primarily solicits donations from the general public through Reliv's independent distributors. As a result, the Foundation is fully dependent upon the continued existence of Reliv and Reliv's independent distributors for cash donations, donated human resources and services, and the Foundation's purchase of nutritional products at amounts less than fair market value.

5. Subsequent Events

Management has evaluated subsequent events through the date of the independent auditors' report, the date the financial statements were available for issuance.