

LIFELINE CHRISTIAN MISSION

Westerville, Ohio

Financial Statements
December 31, 2014

MULLIGAN, TOPY & CO.
Certified Public Accountants
Gahanna, Ohio



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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To Board of Directors
Lifeline Christian Mission
Westerville, Ohio

We have audited the accompanying financial statements of Lifeline Christian Mission (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2014 and 2013 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 maintaining 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 those 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 Lifeline Christian Mission as of December 31, 2014 and 2013 and the results of its operations and changes in net assets, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Gahanna, Ohio
September 28, 2015

Mulligan, Jony & Co.

LIFELINE CHRISTIAN MISSION

Statements of Financial Position December 31,

	2014	2013
ASSETS		
Assets:		
Cash and cash equivalents	\$ 190,699	\$ 107,335
Health care tax credit receivable		1,891
Prepaid expenses	13,927	7,971
Security deposit	5,462	5,462
Property and equipment - net	3,029,507	2,800,447
Total Assets	<u>\$ 3,239,596</u>	<u>\$ 2,923,106</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 221,258	\$ 284,940
Accrued field expenses	111,659	126,383
Credit cards payable	112,009	179,835
Payroll withholdings payable	5,163	9,522
Accrued payroll	50,616	10,703
Accrued real estate taxes	1,616	4,763
Mortgage notes payable	172,872	174,977
Line of credit	373,649	219,784
Notes payable	34,037	48,096
Total liabilities	<u>1,082,879</u>	<u>1,059,003</u>
Net Assets:		
Unrestricted	2,009,717	1,693,103
Restricted	147,000	171,000
Total net assets	<u>2,156,717</u>	<u>1,864,103</u>
Total Liabilities and Net Assets	<u>\$ 3,239,596</u>	<u>\$ 2,923,106</u>

See Notes to Financial Statements.

LIFELINE CHRISTIAN MISSION

Statements of Activities For the Years Ended December 31,

	2014	2013
Change in Unrestricted Net Assets:		
Revenues, support and gains:		
General ministry funds	\$ 1,977,239	\$ 2,067,322
Work crusades	1,427,126	1,301,809
Children ministries	1,256,102	1,227,229
Child sponsorship	1,033,706	993,734
Gifts to children	225,298	212,412
Gifts-in-kind	1,979,183	1,342,742
School account revenue	55,444	
Miscellaneous	12,558	19,188
Net assets released from restriction	219,000	203,000
Total revenues, support and gains	8,185,656	7,367,436
Expenses and losses:		
Program services	6,340,039	5,944,988
Management and general	1,429,411	1,224,706
Fund raising	99,592	112,403
Total expenses and losses	7,869,042	7,282,097
Change in unrestricted net assets	316,614	85,339
Change in Temporarily Restricted Net Assets:		
Contributions	195,000	
Net assets released from restriction	(219,000)	(203,000)
Change in temporarily restricted net assets	(24,000)	(203,000)
Change in Net Assets	292,614	(117,661)
Net Assets - Beginning of Year	1,864,103	1,981,764
Net Assets - End of Year	\$ 2,156,717	\$ 1,864,103

See Notes to Financial Statements.

LIFELINE CHRISTIAN MISSION

Statements of Cash Flows For the Years Ended December 31,

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	\$ 292,614	\$ (117,661)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation	157,250	157,660
Loss on disposal of assets	62,569	
Acquisition of property and equipment - noncash	(10,000)	(90,500)
(Increase) decrease in:		
Health care tax credit receivable	1,891	(183)
Prepaid expenses	(5,956)	(4,349)
Security deposit		(1,155)
Increase (decrease) in:		
Accounts payable	(63,682)	284,940
Accrued field expenses	(14,724)	126,383
Credit cards payable	(67,826)	(147,342)
Payroll withholdings payable	(4,359)	2,446
Accrued payroll	39,913	(34,527)
Accrued real estate taxes	(3,147)	1,206
Net cash provided by (used by) operating activities	384,543	176,918
Cash Flows from Investing Activities:		
Purchase of property and equipment	(548,940)	(264,398)
Proceeds from sale of property and equipment	110,060	
Net cash provided by (used by) investing activities	(438,880)	(264,398)
Cash Flows from Financing Activities:		
Proceeds from borrowing	261,865	96,683
Payments on line of credit	(108,000)	(20,650)
Reduction of mortgage and notes payable	(16,164)	(15,182)
Net cash provided by (used by) financing activities	137,701	60,851
Net Increase (Decrease) in Cash	83,364	(26,629)
Cash - Beginning of Year	107,335	133,964
Cash - End of Year	\$ 190,699	\$ 107,335

See Notes to Financial Statements.

LIFELINE CHRISTIAN MISSION

Statements of Functional Expenses For the Years Ended December 31,

	Program Services		Management and General	
	2014	2013	2014	2013
Expenses and Losses:				
Wages and compensation	\$ 1,191,825	\$ 1,427,857	\$ 1,051,978	\$ 899,064
Office	157,034	249,842	110,013	56,374
Administration and finance	94,164	28,140	112,042	112,434
Depreciation	141,418	142,132	15,832	15,528
Development ministry	1,821		95,398	61,867
Vehicles and travel	225,539	188,946	44,148	79,439
Warehouse	18,780	12,274		
General	999,466	1,042,397		
Evangelism	371,360	284,689		
Disaster relief	270	1,087		
Home construction	345,001	199,554		
ABC food packing	566,651	30,017		
Health care ministries	1,186,177	1,241,319		
Laborlink ministries	977,964	1,096,734		
Loss on disposal of assets	62,569			
Total Expenses and Losses	<u>\$ 6,340,039</u>	<u>\$ 5,944,988</u>	<u>\$ 1,429,411</u>	<u>\$ 1,224,706</u>

See Notes to Financial Statements.

Fund Raising**Total**

Fund Raising		Total	
2014	2013	2014	2013
\$ 68,339	\$ 69,895	\$ 2,312,142	\$ 2,396,816
31,253	37,583	298,300	343,799
		206,206	140,574
		157,250	157,660
	4,925	97,219	66,792
		269,687	268,385
		18,780	12,274
		999,466	1,042,397
		371,360	284,689
		270	1,087
		345,001	199,554
		566,651	30,017
		1,186,177	1,241,319
		977,964	1,096,734
		62,569	
<u>\$ 99,592</u>	<u>\$ 112,403</u>	<u>\$ 7,869,042</u>	<u>\$ 7,282,097</u>

LIFELINE CHRISTIAN MISSION

Notes to Financial Statements December 31, 2014

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Lifeline Christian Mission (Lifeline) is a non-profit organization. The primary purpose of the organization is to construct and operate churches, schools and medical facilities in Haiti, Honduras, El Salvador, Cuba, Canada, Guatemala, Panama and Navajo Trails (USA). In addition, the organization provides charitable relief in the form of food and medical supplies to the citizens of those countries.

Lifeline funds its operations by seeking contributions from churches and individuals.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

These financial statements have been prepared to focus on Lifeline as a whole and to present net assets, revenues, expenses, gains, and losses based on according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of Lifeline and changes therein are classified and reported as follows:

Unrestricted net assets -- Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets -- Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Lifeline and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets -- Net assets subject to donor-imposed stipulations that they be maintained permanently by Lifeline. Generally, the donors of these assets permit Lifeline to use the income earned on the related investments for general or specific purposes.

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. Actual results could differ from those estimates.

LIFELINE CHRISTIAN MISSION

Notes to Financial Statements (Continued)

December 31, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the organization considers all demand deposits with banks to be cash equivalents.

Contributions

Lifeline records its contributions at their fair market value at the date of contribution and as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, Lifeline reports the support as unrestricted.

Property and Equipment

Property and equipment is recorded at cost or at its estimated fair value at the date of donation, if given by gift. Depreciation is provided on the straight-line method over the following useful lives:

Furniture and equipment	5 to 7 years
Automobiles	7 years
Buildings and building improvements	39 years

Lifeline capitalizes expenditures for property and equipment of \$1,000.00 or more. Expenditures for maintenance and repairs are charged to expense as incurred. Some of the property and equipment is held outside the United States and could be seized by the local governments without warning or reason.

Federal Income Taxes

The Internal Revenue Service has ruled that Lifeline is a tax exempt organization as defined under Section 501 (c) (3) of the Internal Revenue Service Code. Accordingly, no provision for federal income taxes has been made in the financial statements.

LIFELINE CHRISTIAN MISSION

Notes to Financial Statements (Continued)

December 31, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Functional Expenses

Lifeline reports its expenses on the functional basis. Accordingly, certain costs have been allocated among program, management and general and fund-raising based on, among other things, evaluations of employee's time incurred on each.

Volunteer Services

Lifeline gratefully acknowledges the contributed services, which it receives from certain religious personnel and various lay personnel who assist in its fund raising efforts and general mission. In accordance with FASB Accounting Standards Codification ASC 958-605 *Revenue Recognition* the value of such services has not been recognized in the financial statements.

Note 2 – Property and Equipment - Net

Property and equipment consists of assets owned directly by Lifeline.

	2014	2013
Property and equipment		
Real estate	\$ 223,000	\$ 303,000
Buildings and improvements	3,351,641	2,939,231
Furniture	86,787	108,195
Equipment	427,559	419,436
Vehicles	<u>433,452</u>	<u>405,852</u>
Total property and equipment	4,522,439	4,175,714
Less accumulated depreciation and amortization	<u>1,492,932</u>	<u>1,375,267</u>
Property and equipment – net	\$ <u>3,029,507</u>	\$ <u>2,800,447</u>

LIFELINE CHRISTIAN MISSION

Notes to Financial Statements (Continued) December 31, 2014

Note 3 – Mortgages and Notes Payable

Mortgages and notes payable consists of the following: at December 31,

	2014	2013
Note payable to a bank requiring monthly installments of principal and interest of \$412 through December 29, 2015. Interest rate 0.00%. The note is secured by the related vehicle and guaranteed by an individual.	\$4,941	\$9,881
Note payable to a bank requiring monthly installments of principal and interest of \$717 through December 17, 2017. Interest rate 5.001%.	23,927	31,139
Financing agreement with a company requiring monthly installments of principal and interest of \$218 through March 3, 2017. Interest rate 11.13%.	<u>5,169</u>	<u>7,076</u>
Total notes payable	<u>\$34,037</u>	<u>\$48,096</u>
Mortgage note payable in monthly installments of principal and interest of \$1,234 through October 2016. Interest rate is 7.3%. The note is secured by the related real estate.	<u>\$172,872</u>	<u>\$174,977</u>
Total mortgages payable	<u>\$172,872</u>	<u>\$174,977</u>

LIFELINE CHRISTIAN MISSION

Notes to Financial Statements (Continued) December 31, 2014

Note 3 – Mortgages and Notes Payable (Continued)

Future maturities of the mortgages and notes payable are as follows:

2015	\$ 16,919
2016	180,971
2017	<u>9,020</u>
Total	\$ <u>206,910</u>

Note 4 – Line of Credit

Lifeline secured a line of credit with a foundation during 2012. The credit line is for \$380,000 unless advances above the limit are approved by the lender prior to funding. Monthly interest only payments are calculated at the annual rate of 7.75% on the unpaid principal balance. The line of credit is through November 1, 2016. The outstanding balance at December 31, 2014 and 2013 is \$373,649 and \$219,784, respectively.

Note 5 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purpose:

	2014	2013
Construction of Haitian Homes	\$147,000	\$171,000

Note 6 – Supplemental Statement of Cash Flow Information

Non-Cash Transactions

During the year ended December 31, 2014, Lifeline disposed of assets having a cost of \$60,685 and accumulated depreciation of \$39,586. This disposal resulted in a loss on disposal of \$21,099.

During the year ended December 31, 2013, Lifeline disposed of assets having a cost of \$143,214 and accumulated depreciation of \$143,214.

Lifeline received in-kind contributions of \$1,979,183 and \$1,342,742, recorded expenses of \$1,969,183 and \$1,252,242 and property and equipment of \$10,000 and \$90,500 for the years ended December 31, 2014 and 2013, respectively.

LIFELINE CHRISTIAN MISSION

Notes to Financial Statements (Continued) December 31, 2014

Note 6 – Supplemental Statement of Cash Flow Information (Continued)

Interest paid during 2014 and 2013 amounted to \$49,107 and \$52,437, respectively.

Note 7 – Leases

Lifeline is a party to various leases for real property expiring on various dates through 2017. Some of these leases provide for future rent escalations, renewal options, payments for taxes, maintenance and utilities, and insurance.

Lifeline's future minimum non-cancelable annual lease payments for the years ending December 31 are as follows:

2015	\$ 48,305
2016	49,355
2017	<u>9,410</u>
Total	<u>\$107,070</u>

Rent expense of \$67,851 and \$67,694 for 2014 and 2013, respectively; have been reported in office expense on the statements of functional expenses.

Note 8 – Related Party Transactions

The president and secretary have guaranteed the mortgage and line of credit.

The previous executive vice president has allowed Lifeline to charge business expenses on his personal credit card. The balance due to the executive vice president at December 31, 2014 and 2013 is \$24,593 and \$24,687, respectively.

Note 9 – Foreign Operations

In connection with its worldwide ministry, Lifeline maintains facilities in various countries outside the United States. As of December 31, 2014 and 2013, respectively, property and equipment, net of accumulated depreciation, amounted to \$2,346,150 and \$1,937,019.

Account balances relating to foreign operations are reflected in the financial statements in United States dollars.

LIFELINE CHRISTIAN MISSION

Notes to Financial Statements (Continued) December 31, 2014

Note 10 – Commitments and Contingencies

Lifeline may be subject to various claims, legal proceedings, and investigations covering a wide range of matters that arise in the ordinary course of business. In the opinion of management all such matters are adequately covered by insurance and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations Lifeline if disposed of unfavorably

Note 11 – Subsequent Events

Lifeline has evaluated subsequent events through September 28, 2015, the date which the financial statements were available to be issued.