

Life in Abundance International

Financial Statements

December 31, 2011

BYEMAN & CLEARY
CERTIFIED PUBLIC ACCOUNTANTS

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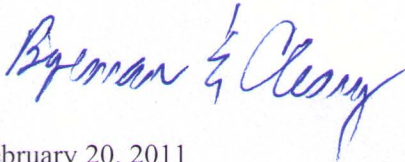
Board of Directors of
Life in Abundance International
Pasadena, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of Life in Abundance International as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life in Abundance International as of December 31, 2011 and 2010 and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



February 20, 2011

LIFE IN ABUNDANCE INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31	
	<u>2011</u>	<u>2010</u>
Current assets:		
Cash	\$ 777,767	\$ 234,917
Pledges receivable	236,366	120,511
Inventory	22,064	17,472
Prepaid expenses	<u>-</u>	<u>1,076</u>
Total current assets	<u>1,036,197</u>	<u>373,976</u>
Property and equipment:		
Computers	3,713	3,713
Land in Kenya	215,090	118,370
Less: accumulated depreciation	<u>(1,782)</u>	<u>(544)</u>
Net property and equipment	<u>217,021</u>	<u>121,539</u>
Other assets:		
Pledges receivable - noncurrent portion	227,538	163,494
Deposits	<u>1,517</u>	<u>377</u>
Total other assets	<u>229,055</u>	<u>163,871</u>
Total assets	<u>\$1,482,273</u>	<u>\$ 659,386</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 6,228	\$ 5,039
Grant refund payable	<u>50,000</u>	<u>-</u>
Total current liabilities / Total liabilities	<u>56,228</u>	<u>5,039</u>
Net assets:		
Unrestricted net assets	220,454	(8,138)
Temporarily restricted net assets	<u>1,205,591</u>	<u>662,485</u>
Total net assets	<u>1,426,045</u>	<u>654,347</u>
Total liabilities and net assets	<u>\$1,482,273</u>	<u>\$ 659,386</u>

The accompanying notes are an integral part of these financial statements.

LIFE IN ABUNDANCE INTERNATIONAL
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2011			Year Ended December 31, 2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	\$ 567,104	\$ 2,301,347	\$ 2,868,451	\$ 392,882	\$ 1,479,143	\$ 1,872,025
Contributions - gifts-in-kind	45,850	-	45,850	116,127	-	116,127
Special events support	102,670	-	102,670	96,110	2,236	98,346
Special events direct benefit costs	(28,291)	-	(28,291)	(19,849)	-	(19,849)
Book and craft sales	8,421	-	8,421	14,278	-	14,278
Interest income	364	-	364	877	-	877
	<u>696,118</u>	<u>2,301,347</u>	<u>2,997,465</u>	<u>600,425</u>	<u>1,481,379</u>	<u>2,081,804</u>
Net assets released due to satisfaction of restrictions	1,758,241	(1,758,241)	-	1,472,315	(1,472,315)	-
Total support and revenue	<u>2,454,359</u>	<u>543,106</u>	<u>2,997,465</u>	<u>2,072,740</u>	<u>9,064</u>	<u>2,081,804</u>
Expenses:						
Program services	2,039,304	-	2,039,304	1,969,346	-	1,969,346
Supporting activities:						
Management & general	140,452	-	140,452	98,933	-	98,933
Fundraising	46,011	-	46,011	55,092	-	55,092
Total expenses	<u>2,225,767</u>	<u>-</u>	<u>2,225,767</u>	<u>2,123,371</u>	<u>-</u>	<u>2,123,371</u>
Change in net assets	228,592	543,106	771,698	(50,631)	9,064	(41,567)
Net assets at beginning of year	<u>(8,138)</u>	<u>662,485</u>	<u>654,347</u>	<u>42,493</u>	<u>653,421</u>	<u>695,914</u>
Net assets at end of year	<u>\$ 220,454</u>	<u>\$ 1,205,591</u>	<u>\$ 1,426,045</u>	<u>\$ (8,138)</u>	<u>\$ 662,485</u>	<u>\$ 654,347</u>

The accompanying notes are integral part of these financial statements.

LIFE IN ABUNDANCE INTERNATIONAL

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2011				Year Ended December 31, 2010			
	Program Service	Management & General	Fund- Raising	Total Expenses	Program Service	Management & General	Fund- Raising	Total Expenses
Wages	\$ 243,216	\$ 65,278	\$ 28,163	\$ 336,657	\$ 177,608	\$ 48,784	\$ 31,086	\$ 257,478
Employee benefits	43,070	4,334	2,528	49,932	10,903	4,620	2,957	18,480
Payroll taxes	11,466	4,438	2,589	18,493	9,505	4,028	2,578	16,111
Bank, wire & merchant fees	-	7,671	-	7,671	-	5,947	-	5,947
Board expense	7,819	3,027	1,765	12,611	-	-	-	-
Computer supplies	617	239	139	995	4,816	2,041	1,306	8,163
Depreciation	768	297	173	1,238	321	136	87	544
Legal & accounting	-	24,125	-	24,125	-	13,520	-	13,520
Dues & subscriptions	1,460	565	330	2,355	502	213	135	850
Gifts-in-kind expense	37,874	-	-	37,874	147,477	-	-	147,477
Grants	1,309,438	-	-	1,309,438	1,334,942	-	-	1,334,942
Short term mission trips	256,629	-	-	256,629	208,504	-	-	208,504
Insurance	2,259	874	510	3,643	1,958	830	531	3,319
Miscellaneous	730	282	165	1,177	2,327	986	631	3,944
Occupancy	31,559	8,344	2,389	42,292	7,485	3,172	2,029	12,686
Outside service	5,029	2,141	1,750	8,920	23,422	4,840	6,422	34,684
Supplies	44,908	9,112	779	54,799	2,967	1,257	805	5,029
Printing	179	69	41	289	4,861	2,060	1,318	8,239
Postage	2,376	920	536	3,832	3,165	1,341	859	5,365
Promotions & advertising	6,486	2,511	1,465	10,462	716	304	194	1,214
Telecommunications	4,718	1,826	1,066	7,610	4,115	1,744	1,116	6,975
Travel	27,173	3,807	1,277	32,257	23,280	2,910	2,910	29,100
Web site service	1,530	592	346	2,468	472	200	128	800
Total expenses	\$ 2,039,304	\$ 140,452	\$ 46,011	\$ 2,225,767	\$ 1,969,346	\$ 98,933	\$ 55,092	\$ 2,123,371

The accompanying notes are an integral part of these financial statements.

LIFE IN ABUNDANCE INTERNATIONAL
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 771,698	\$ (41,567)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,238	544
Gifts-in-kind remaining in inventory	3,703	31,350
(Increase) decrease in:		
Pledges receivable	(179,899)	(138,583)
Inventory of books, DVDs and crafts	(8,295)	1,078
Prepaid expenses	1,076	279
Deposit	(1,140)	(377)
Increase (decrease) in:		
Accounts payable & accrued expenses	1,189	(7,128)
Donation refund payable	50,000	-
Net cash provided (used) by operating activities	639,570	(154,404)
Cash flows from investing activities:		
Purchase of land	(96,720)	(118,370)
Purchase of computers	-	(3,713)
Net cash used by investing activities	(96,720)	(122,083)
Net Increase (decrease) in cash	542,850	(276,487)
Cash at beginning of year	234,917	511,404
Cash at end of year	\$ 777,767	\$ 234,917

The accompanying notes are an integral part of these financial statements.

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. NATURE OF ORGANIZATION

Life in Abundance International is a nonprofit organization incorporated in California to do community development and evangelistic work in partnership with churches in seven African countries.

The scope of these financial statements is limited to the operations of Life in Abundance International in the United States of America and the Life in Abundance International headquarters in Kenya. The assets, liabilities, revenues and expenses of the other African affiliate organizations are not included in these financial statements.

Life in Abundance International is tax-exempt as a public charity under Internal Revenue Code Section 501(c)(3).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Life in Abundance International uses accrual basis accounting.

Cash

Cash is cash in bank checking accounts and a savings account.

Inventory

Inventory is stated at the cost of items purchased or the fair market value of donated items. The first-in first-out method is used to account for withdrawals of inventory. Inventory consists of books, DVD's, and donated medical equipment.

Promises receivable

Unconditional promises to give are recognized as revenue or gains in the period received as either assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions, restricted contributions and reclassifications

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and equipment

Property and equipment is capitalized at cost or estimated fair market value at date of gift, and depreciated on a straight-line basis over estimated useful lives of 3 years for computers.

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

Use of estimates

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

Contributed products and services

During the year ended December 31, 2011 contributed medicine, small medical equipment, air fare, printing services, and other various items were donated to Life in Abundance International. The value of these items was \$45,850.

During the year ended December 31, 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Classes of net assets

Unrestricted net assets include amounts available to be used at the discretion of the board of directors in the Organization's programs and operations and those resources invested in equipment. Temporarily restricted net assets are those that are restricted by donors for specific operating purposes. All donations are considered available for unrestricted use, unless specifically restricted by the donor.

3. INVENTORY

At December 31, 2011 the inventory consisted of books (\$11,352), DVD's (\$7,009), and in-kind medical equipment (\$3,703).

4. PLEDGES RECEIVABLE

Pledges consist of:

<u>Source</u>	<u>Amount</u>
Church multi- year pledges	\$ 380,637
Church single year pledge	9,000
Other non-profit organization	<u>74,267</u>
Total	<u>\$ 463,904</u>

Church multi-year pledges receivable of \$380,637 includes two multi-year pledges due from one church. The first multi-year pledge of \$249,000 is to be paid over a 3 year period from 2011 to 2013. A discount of \$4,995 was recorded at the date of the church's pledge. The unamortized portion of the discount at December 31, 2011 is \$2,506. The first multi- year pledge was discounted at a rate of 1.02%, and the second at .85% also at the date of the pledge. The second pledge of \$220,000 is to be paid over a 3 year period from 2012 to 2014. A discount of \$2,857 was recorded at the date of the church's pledge. The unamortized portion of the discount at December 31, 2011 is \$2,857.

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

4. PLEDGES RECEIVABLE continued.

Management of the Organization believes all the pledge amounts will be collected so no allowance for uncollectible pledges has been recorded. Cash amounts due in future years are:

<u>Year</u>	<u>Amount</u>
2012	\$ 239,600
2013	156,333
2014	<u>73,334</u>
Pledges receivable	469,267
Discount	<u>(5,363)</u>
Net	<u>\$463,904</u>

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at year-end consist of:

<u>Restriction</u>	<u>2011</u>	<u>2010</u>
Training center improvement projects	\$ 338,800	\$ 97,000
Community health project	2,200	---
Relief in the Horn of Africa	7427	---
Relief in Haiti	33,440	---
Economic empowerment	40,635	30,852
Leadership development	44	---
Grant coordinator	---	9,549
Children's programs	5,563	1,141
2011 short term trips	---	20,510
Ministry in North Africa	220,764	219,765
Projects in Sudan	51,082	58,889
Projects in the Horn of Africa	276,572	56,241
Projects in Ethiopia	139,102	55,840
Projects in Kenya	<u>89,962</u>	<u>112,698</u>
Total	<u>\$ 1,205,591</u>	<u>\$662,485</u>

6. OPERATING LEASES

The Organization has an operating lease on an office in Pasadena, California. The lease calls for monthly rental payments of \$420. The Organization has a second operating lease on office space in Prospect, Kentucky. This lease calls for rental payments of \$550 until May 31, 2012. A third operating lease in Mesa, Arizona calls for rental payments of \$750 until December 31, 2012. Future required lease payments are \$11,750 and are all due in 2012.

7. FAIR VALUE MEASUREMENTS

Assets and liabilities subject to fair value reporting are classified based on the type of inputs used to value the asset or liability. The three types are: valuations based on quoted market prices for identical assets exchanged in active markets (quoted prices), valuation inputs that are directly or indirectly observable in a market place (other market valuations), and inputs where there is no observable market place and therefore valuations are derived from the organization's internal

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

7. FAIR VALUE MEASUREMENTS – continued

information (non – market valuations). Valuations based on the three types of inputs for the year ended December 31, 2011 are:

<u>Description</u>	<u>Quoted Prices</u>	<u>Other Market Valuations</u>	<u>Non – Market Valuations</u>
Inventory of donated items	\$ ---	\$ 22,064	\$ ---
Pledge receivable	---	463,904	---
Total	<u>\$ ---</u>	<u>\$485,968</u>	<u>\$ ---</u>

8. SPECIAL EVENTS

In the year 2011 the Organization conducted a banquet. Support received from these special events was \$102,670 of donations less \$28,291 in direct benefits provided to participants. All costs related to publicity, travel, salaries, and administration of these events have been included in fundraising expenses.

9. CONCENTRATIONS

Life in Abundance International maintains cash in banks located in Southern California. The deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2011, there were no amounts in excess of insured limits based on actual bank balances. At other times during the year balances exceeded insurance limits.

Life in Abundance International is supported primarily by donor contributions. Approximately 37% of Life in Abundance International's total revenue was provided by one church.

10. PENSION PLAN

Life in Abundance International has a defined contribution plan covering all employees with at least two years of service. The required contribution to the plan is a 50% match of up to 4% of eligible employee compensation. For the year ended December 31, 2011 total expense related to the plan was \$3,804.

11. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 20, 2012, the date which the financial statements were available to be issued, and there are no subsequent events to report.