

# **Life in Abundance International**

Financial Statements

December 31, 2010

**BYEMAN & CLEARY**  
CERTIFIED PUBLIC ACCOUNTANTS

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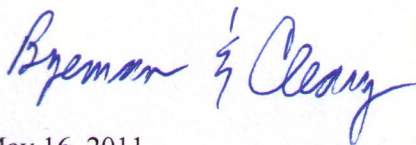
Board of Directors of  
Life in Abundance International  
Pasadena, California

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statements of financial position of Life in Abundance International as of December 31, 2010 and 2009, 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, 2010 and 2009 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.



May 16, 2011

# LIFE IN ABUNDANCE INTERNATIONAL

## STATEMENTS OF FINANCIAL POSITION

	December 31	
	2010	2009
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash	\$ 234,917	\$ 511,404
Pledges receivable	120,511	145,422
Inventory	17,472	49,900
Prepaid expenses	<u>1,076</u>	<u>1,355</u>
<b>Total current assets</b>	<u>373,976</u>	<u>708,081</u>
<b>Property and equipment:</b>		
Computers	3,713	-
Land in Kenya	118,370	-
Less: accumulated depreciation	<u>(544)</u>	<u>-</u>
<b>Net property and equipment</b>	<u>121,539</u>	<u>-</u>
<b>Other assets:</b>		
Pledges receivable - noncurrent portion	163,494	-
Deposit	<u>377</u>	<u>-</u>
<b>Total other assets</b>	<u>163,871</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 659,386</u>	<u>\$ 708,081</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 5,039	\$ 12,167
<b>Total current liabilities / Total liabilities</b>	<u>5,039</u>	<u>12,167</u>
<b>Net assets:</b>		
Unrestricted net assets	(8,138)	42,493
Temporarily restricted net assets	<u>662,485</u>	<u>653,421</u>
<b>Total net assets</b>	<u>654,347</u>	<u>695,914</u>
<b>Total liabilities and net assets</b>	<u>\$ 659,386</u>	<u>\$ 708,081</u>

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

**LIFE IN ABUNDANCE INTERNATIONAL**  
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2010			Year Ended December 31, 2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue:</b>						
Contributions	\$ 392,882	\$ 1,479,143	\$ 1,872,025	\$ 148,336	\$ 1,402,218	\$ 1,550,554
Contributions - gifts-in-kind	116,127	-	116,127	29,753	76,261	106,014
Special events support	96,110	2,236	98,346	129,871	-	129,871
Special events direct benefit costs	(19,849)	-	(19,849)	(24,068)	-	(24,068)
Book and craft sales	14,278	-	14,278	17,450	-	17,450
Gain on sale of auto	-	-	-	4,482	-	4,482
Interest income	877	-	877	1,776	-	1,776
	<u>600,425</u>	<u>1,481,379</u>	<u>2,081,804</u>	<u>307,600</u>	<u>1,478,479</u>	<u>1,786,079</u>
Net assets released due to satisfaction of restrictions	<u>1,472,315</u>	<u>(1,472,315)</u>	<u>-</u>	<u>1,203,915</u>	<u>(1,203,915)</u>	<u>-</u>
Total support and revenue	<u>2,072,740</u>	<u>9,064</u>	<u>2,081,804</u>	<u>1,511,515</u>	<u>274,564</u>	<u>1,786,079</u>
<b>Expenses:</b>						
Program services	1,969,346	-	1,969,346	1,359,378	-	1,359,378
Supporting activities:						
Management & general	98,933	-	98,933	65,305	-	65,305
Fundraising	55,092	-	55,092	50,523	-	50,523
Total expenses	<u>2,123,371</u>	<u>-</u>	<u>2,123,371</u>	<u>1,475,206</u>	<u>-</u>	<u>1,475,206</u>
<b>Change in net assets</b>	(50,631)	9,064	(41,567)	36,309	274,564	310,873
<b>Net assets at beginning of year</b>	<u>42,493</u>	<u>653,421</u>	<u>695,914</u>	<u>6,184</u>	<u>378,857</u>	<u>385,041</u>
<b>Net assets at end of year</b>	<u>\$ (8,138)</u>	<u>\$ 662,485</u>	<u>\$ 654,347</u>	<u>\$ 42,493</u>	<u>\$ 653,421</u>	<u>\$ 695,914</u>

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

# LIFE IN ABUNDANCE INTERNATIONAL

## STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2010				Year Ended December 31, 2009			
	Program Service	Management & General	Fund- Raising	Total Expenses	Program Service	Management & General	Fund- Raising	Total Expenses
Wages	\$ 177,608	\$ 48,784	\$ 31,086	\$ 257,478	\$ 128,171	\$ 33,200	\$ 31,644	\$ 193,015
Employee benefits	10,903	4,620	2,957	18,480	11,459	2,968	2,830	17,257
Payroll taxes	9,505	4,028	2,578	16,111	11,099	2,875	2,742	16,716
Auto	-	-	-	-	1,217	315	301	1,833
Bank, wire and merchant fees	-	5,947	-	5,947	-	6,252	-	6,252
Board expense	-	-	-	-	979	254	241	1,474
Computer supplies	4,816	2,041	1,306	8,163	1,618	419	400	2,437
Depreciation	321	136	87	544	1,856	481	458	2,795
Legal & accounting	-	13,520	-	13,520	-	6,250	-	6,250
Dues & subscriptions	502	213	135	850	918	238	226	1,382
Gifts-in-kind expense	147,477	-	-	147,477	74,664	-	-	74,664
Grants	1,334,942	-	-	1,334,942	879,428	-	-	879,428
Short term mission trips	208,504	-	-	208,504	188,278	-	-	188,278
Insurance	1,958	830	531	3,319	1,594	413	394	2,401
Miscellaneous	2,327	986	631	3,944	1,352	350	227	1,929
Occupancy	7,485	3,172	2,029	12,686	3,400	881	840	5,121
Outside service	23,422	4,840	6,422	34,684	9,384	2,431	2,424	14,239
Office supplies	2,967	1,257	805	5,029	564	146	140	850
Printing	4,861	2,060	1,318	8,239	5,222	1,353	1,290	7,865
Postage	3,165	1,341	859	5,365	2,001	518	494	3,013
Promotions & advertising	716	304	194	1,214	4,283	1,110	1,058	6,451
Telecommunications	4,115	1,744	1,116	6,975	3,092	801	764	4,657
Travel	23,280	2,910	2,910	29,100	28,559	3,570	3,570	35,699
Web site service	472	200	128	800	240	480	480	1,200
<b>Total expenses</b>	<b><u>\$ 1,969,346</u></b>	<b><u>\$ 98,933</u></b>	<b><u>\$ 55,092</u></b>	<b><u>\$ 2,123,371</u></b>	<b><u>\$ 1,359,378</u></b>	<b><u>\$ 65,305</u></b>	<b><u>\$ 50,523</u></b>	<b><u>\$ 1,475,206</u></b>

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

**LIFE IN ABUNDANCE INTERNATIONAL**  
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2010	2009
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (41,567)	\$ 310,873
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	544	2,795
Gain on sale of automobile	-	(4,482)
Gifts-in-kind remaining in inventory	31,350	(31,350)
(Increase) decrease in:		
Pledges receivable	(138,583)	(145,422)
Inventory of books	1,078	1,947
Prepaid expenses	279	(1,355)
Deposit	(377)	-
Increase (decrease) in:		
Accounts payable & accrued expenses	(7,128)	10,607
<b>Net cash provided (used) by operating activities</b>	<b>(154,404)</b>	<b>143,613</b>
<b>Cash flows from investing activities:</b>		
Purchase of land	(118,370)	-
Purchase of computers	(3,713)	-
Proceeds from sale of automobile	-	14,500
<b>Net cash provided (used) by investing activities</b>	<b>(122,083)</b>	<b>14,500</b>
<b>Cash flows from financing activities:</b>		
Principal payment on officer loan	-	(9,568)
<b>Net cash used by financing activities</b>	<b>-</b>	<b>(9,568)</b>
<b>Net Increase (decrease) in cash</b>	(276,487)	148,545
<b>Cash at beginning of year</b>	<b>511,404</b>	<b>362,859</b>
<b>Cash at end of year</b>	<b>\$ 234,917</b>	<b>\$ 511,404</b>

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

# **LIFE IN ABUNDANCE INTERNATIONAL**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

### **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 operation of the United States of America office of Life in Abundance International. The assets, liabilities, revenues and expenses of the African partner 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 and savings accounts.

#### **Inventory**

Inventory is stated at purchased cost or fair market value of donated inventory using the first-in first-out method. Inventory consists of books and donated medical equipment (2009 only).

#### **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, 2010

### 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, 2010 contributed medicine, small medical equipment, air fare, a camera, computers, a copier, printing services, and other various items were donated to Life in Abundance International. The value of these items was \$116,127.

During the year ended December 31, 2010, 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. PLEDGES RECEIVABLE**

Pledges consist of:

<u>Source</u>	<u>Amount</u>
A church	\$ 244,005
Other non-profit organization	10,000
Private foundation	<u>30,000</u>
Total	<u>\$ 284,005</u>

Pledges receivable of \$284,005 includes \$249,000 due from one church. This church pledged \$249,000 to be paid over a 3 year period from 2011 to 2013. Management of the Organization believes all the pledge amounts will be collected so no allowance for uncollectible pledges has been recorded. A discount of \$4,995 was recorded at the date of the church's pledge. The unamortized portion of the discount at December 31, 2010 is \$4,995. The long term pledge was discounted at a rate of 1.02%, the rate of the three-year US Treasury note. Cash amounts due in future years are:

<u>Year</u>	<u>Amount</u>
2011	\$123,000
2012	83,000
2013	<u>83,000</u>
Pledges receivable	289,000
Discount	<u>(4,995)</u>
Net	<u>\$284,005</u>



# LIFE IN ABUNDANCE INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 4. INVENTORY

In 2009 Inventory consisted of books related to the Organizations purpose (\$18,550) and donated medical equipment (\$31,350) that was delivered to the Organization's programs in Kenya in 2010. In 2010 the inventory was only books (\$17,472).

### 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at year-end consist of:

<u>Restriction</u>	<u>2010</u>	<u>2009</u>
Training center improvement projects	\$ 97,000	\$ 270,000
Various projects in Sudan	58,889	210,108
Economic empowerment	30,852	---
Grant coordinator	9,549	---
Ministry in North Africa	219,765	---
Children's programs	1,141	---
2011 short term trips	20,510	---
Various projects in the Horn of Africa	56,241	36,000
Various projects in Ethiopia	55,840	13,300
Various projects in Kenya	<u>112,698</u>	<u>124,013</u>
Total	<u>\$662,485</u>	<u>\$653,421</u>

### 6. OPERATING LEASE

The Organization has an operating lease on an office in Pasadena, California. The lease calls for monthly rental payments of \$660 until January 15, 2011. The Organization has a second operating lease on office space in Prospect, Kentucky. This lease calls for rental payments of \$500 until May 31, 2011.

### 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 information (non – market valuations). Valuations based on the three types of inputs for the year ended December 31, 2010 are:

<u>Description</u>	<u>Quoted Prices</u>	<u>Other Market Valuations</u>	<u>Non – Market Valuations</u>
Inventory of donated books	\$ ----	\$ 17,472	\$ ----
Pledge receivable	----	<u>284,005</u>	----
Total	<u>\$ ----</u>	<u>\$301,477</u>	<u>\$ ----</u>

# **LIFE IN ABUNDANCE INTERNATIONAL**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

### **8. CONTINGENCIES**

The Organization is self-insured for worker's compensation and has elected to pay unemployment claims as they are incurred. There are no known claims of a material amount.

### **9. SPECIAL EVENTS**

In the year 2010 the Organization conducted two banquets. Support received from these special events was \$98,346 of donations less \$19,849 in direct benefits provided to participants. All costs related to publicity, travel, salaries, and administration of these events have been included in fundraising expenses.

### **10. 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, 2010, 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 34% of Life in Abundance International's total revenue was provided by one church and 13% from one nonprofit organization.

### **11. EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through May 16, 2011, the date which the financial statements were available to be issued, and there are no subsequent events to report.