

Life in Abundance International
Financial Statements
December 31, 2017 and 2016

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Life in Abundance International for review

We have audited the accompanying financial statements of Life in Abundance International (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2017 and 2016, 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 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 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 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 Life in Abundance International as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

May 23, 2018

LIFE IN ABUNDANCE INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION

ASSETS

| | December 31, | |
|--|--------------------|--------------------|
| | 2017 | 2016 |
| Current assets: | | |
| Cash and cash equivalents | \$ 417,716 | \$ 507,392 |
| Pledges receivable | 1,426,105 | 842,028 |
| Investments | 7,375 | - |
| Inventory | - | 1,070 |
| Total current assets | 1,851,196 | 1,350,490 |
| Property and equipment: | | |
| Computers and office equipment | 59,757 | 59,757 |
| Website development | 15,143 | 14,910 |
| Construction in progress - Kenya training center | - | 299,458 |
| Buildings in Kenya and Jamaica | 3,138,508 | 2,246,077 |
| Land in Kenya and Jamaica | 656,872 | 656,872 |
| Less: accumulated depreciation | (228,629) | (166,780) |
| Net property and equipment | 3,641,651 | 3,110,294 |
| Other assets: | | |
| Pledges receivable - noncurrent portion | 807,095 | 797,716 |
| Investments - endowment | 260,897 | 262,350 |
| Cash & cash equivalents for long term purposes | - | 338,295 |
| Deposits | 900 | 900 |
| Total other assets | 1,068,892 | 1,399,261 |
| Total assets | \$6,561,739 | \$5,860,045 |

LIABILITIES AND NET ASSETS

| | | |
|--|--------------------|--------------------|
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 10,222 | \$ 22,870 |
| Total current liabilities / Total liabilities | 10,222 | 22,870 |
| Net assets: | | |
| Unrestricted net assets | 4,576,130 | 3,646,770 |
| Temporarily restricted net assets | 1,725,387 | 1,940,405 |
| Permanently restricted net assets | 250,000 | 250,000 |
| Total net assets | 6,551,517 | 5,837,175 |
| Total liabilities and net assets | \$6,561,739 | \$5,860,045 |

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

LIFE IN ABUNDANCE INTERNATIONAL
STATEMENTS OF ACTIVITIES

| | Year Ended December 31, 2017 | | | Year Ended December 31, 2016 | | | | |
|---|------------------------------|------------------------|------------------------|------------------------------|---------------------|------------------------|------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Support and revenue: | | | | | | | | |
| Contributions | \$ 1,409,595 | \$ 1,887,126 | \$ - | \$ 3,296,721 | \$ 533,882 | \$ 1,978,673 | \$ - | \$ 2,512,555 |
| Contributions - gifts-in-kind | 166,415 | - | - | 166,415 | 43,960 | - | - | 43,960 |
| Book and craft sales | - | - | - | - | 125 | - | - | 125 |
| Global health conference ticket sales | - | - | - | - | 1,773 | - | - | 1,773 |
| Foreign exchange loss | (8,807) | - | - | (8,807) | (14,230) | - | - | (14,230) |
| Interest income | 11,369 | - | - | 11,369 | 16,800 | - | - | 16,800 |
| | 1,578,572 | 1,887,126 | - | 3,465,698 | 582,310 | 1,978,673 | - | 2,560,983 |
| Net assets released due to satisfaction of restrictions | 2,102,144 | (2,102,144) | - | - | 2,082,388 | (2,082,388) | - | - |
| Total support and revenue | 3,680,716 | (215,018) | - | 3,465,698 | 2,664,698 | (103,715) | - | 2,560,983 |
| Expenses: | | | | | | | | |
| Program services | 2,352,226 | - | - | 2,352,226 | 1,951,014 | - | - | 1,951,014 |
| Supporting activities: | | | | | | | | |
| Management & general | 267,239 | - | - | 267,239 | 284,499 | - | - | 284,499 |
| Fundraising | 131,891 | - | - | 131,891 | 145,157 | - | - | 145,157 |
| Total expenses | 2,751,356 | - | - | 2,751,356 | 2,380,670 | - | - | 2,380,670 |
| Change in net assets | 929,360 | (215,018) | - | 714,342 | 284,028 | (103,715) | - | 180,313 |
| Net assets at beginning of year | 3,646,770 | 1,940,405 | 250,000 | 5,837,175 | 3,362,742 | 2,044,120 | 250,000 | 5,656,862 |
| Net assets at end of year | <u>\$ 4,576,130</u> | <u>\$ 1,725,387</u> | <u>\$ 250,000</u> | <u>\$ 6,551,517</u> | <u>\$ 3,646,770</u> | <u>\$ 1,940,405</u> | <u>\$ 250,000</u> | <u>\$ 5,837,175</u> |

The accompanying notes are integral part of these financial statements.

LIFE IN ABUNDANCE INTERNATIONAL
STATEMENTS OF FUNCTIONAL EXPENSES

| | Year Ended December 31, 2017 | | | | Year Ended December 31, 2016 | | | |
|-------------------------------------|------------------------------|-------------------------|--------------------|---------------------|------------------------------|-------------------------|-------------------|---------------------|
| | Program Service | Management & General | Fund- Raising | Total Expenses | Program Service | Management & General | Fund- Raising | Total Expenses |
| Wages | \$ 91,884 | \$ 136,241 | \$ 88,715 | \$ 316,840 | \$ 115,559 | \$ 160,291 | \$ 96,920 | \$ 372,770 |
| Employee benefits | 4,785 | 7,095 | 4,620 | 16,500 | 7,070 | 9,806 | 5,930 | 22,806 |
| Payroll taxes | 7,462 | 11,064 | 7,205 | 25,731 | 9,328 | 12,939 | 7,823 | 30,090 |
| Staff training | 2,995 | - | - | 2,995 | - | - | - | - |
| Bank, wire & merchant fees | - | 17,731 | - | 17,731 | - | 18,324 | - | 18,324 |
| Board expense | - | - | - | - | 279 | 387 | 233 | 899 |
| Computer supplies | 413 | 612 | 398 | 1,423 | 685 | 951 | 575 | 2,211 |
| Depreciation | 72,774 | 2,495 | 1,490 | 76,759 | 58,435 | 3,167 | 1,914 | 63,516 |
| Legal & accounting | - | 49,612 | - | 49,612 | - | 48,957 | - | 48,957 |
| Dues, subscriptions & registrations | 3,454 | 5,122 | 3,336 | 11,912 | 1,250 | 1,734 | 1,049 | 4,033 |
| Gifts-in-kind expense | 167,456 | - | - | 167,456 | 40,889 | - | - | 40,889 |
| Grants | 1,732,389 | - | - | 1,732,389 | 1,494,160 | - | - | 1,494,160 |
| Short term mission trips | 200,370 | - | - | 200,370 | 181,639 | - | - | 181,639 |
| Insurance | 316 | 468 | 305 | 1,089 | 386 | 536 | 324 | 1,246 |
| Occupancy | 6,304 | 9,348 | 6,087 | 21,739 | 6,823 | 9,464 | 5,723 | 22,010 |
| Outside service | - | - | - | - | 1,973 | 2,737 | 6,154 | 10,864 |
| Supplies | 2,815 | 4,174 | 2,718 | 9,707 | 2,088 | 2,896 | 7,428 | 12,412 |
| Printing | 2,987 | 4,429 | 2,883 | 10,299 | 3,386 | 4,696 | 2,840 | 10,922 |
| Postage | 685 | 1,016 | 661 | 2,362 | 542 | 752 | 455 | 1,749 |
| Promotions & advertising | 7,611 | 11,286 | 7,349 | 26,246 | 1,894 | 2,627 | 4,089 | 8,610 |
| Telecommunications | 815 | 1,209 | 788 | 2,812 | 978 | 1,357 | 821 | 3,156 |
| Travel | 42,698 | 5,337 | 5,336 | 53,371 | 23,027 | 2,878 | 2,879 | 28,784 |
| Website service | 4,013 | - | - | 4,013 | 623 | - | - | 623 |
| Total expenses | \$ 2,352,226 | \$ 2,672,239 | \$ 1,31,891 | \$ 2,751,356 | \$ 1,951,014 | \$ 284,499 | \$ 145,157 | \$ 2,380,670 |

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

LIFE IN ABUNDANCE INTERNATIONAL

STATEMENTS OF CASH FLOWS

| | Years Ended December 31, | |
|---|--------------------------|-------------------|
| | 2017 | 2016 |
| Cash flows from operating activities: | | |
| Change in net assets | \$ 714,342 | \$ 180,313 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 76,759 | 63,516 |
| Cash contributions restricted for building construction | - | (85,000) |
| Contribution of in-kind donations in inventory | - | (1,070) |
| Contribution of common stocks | (7,375) | - |
| Exchange rate loss and fees on endowment investment | 11,585 | - |
| (Increase) decrease in: | | |
| Pledges receivable | (593,456) | 609,401 |
| Prepaid expenses | - | 500 |
| Inventory | 1,070 | - |
| Increase (decrease) in: | | |
| Accounts payable - affiliated organizations | - | (100,000) |
| Accounts payable & accrued expenses | (12,648) | 11,825 |
| Net cash provided by operating activities | 190,277 | 679,485 |
| Cash flows from investing activities: | | |
| Purchase of computer and office equipment | (7,643) | - |
| Purchase of buildings | (600,473) | - |
| Purchase of investments | - | (250,000) |
| Interest reinvested on investments | (10,132) | (12,350) |
| Purchase of construction in progress | - | (299,458) |
| Net cash used by investing activities | (618,248) | (561,808) |
| Cash flows from financing activities: | | |
| Cash contributions restricted for building construction | - | 85,000 |
| Net cash provided by financing activities | - | 85,000 |
| Net Increase (decrease) in cash and cash equivalents | (427,971) | 202,677 |
| Cash and cash equivalents at beginning of year | 845,687 | 643,010 |
| Cash and cash equivalents at end of year | \$ 417,716 | \$ 845,687 |
| Cash consists of: | | |
| Available for operations | \$ 417,716 | \$ 507,392 |
| Restricted for long term purpose | - | 338,295 |
| Total cash | \$ 417,716 | \$ 845,687 |

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

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

1. NATURE OF ORGANIZATION

Life in Abundance International (the Organization) is a nonprofit corporation incorporated in California to do community development and evangelistic work in partnership with churches in eight African countries and two Caribbean 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 and Caribbean 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) and Section 23701d of the California Revenue and Taxation Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Life in Abundance International uses accrual basis accounting.

Cash and cash equivalents

Cash is cash in bank checking accounts, a savings account, a PayPal account and money market funds.

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 to 5 years for computers, office equipment and website development. Buildings are depreciated over 40 years.

Absent donor directions regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

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

During the year ended December 31, 2017, \$15,718 of personal computers and \$150,696 of rice and bean food packs were donated to Life in Abundance International.

During the year ended December 31, 2016, a shipping container converted to a medical clinic, sewing machines, medical supplies and other various items were donated to Life in Abundance International. The value of these items was \$43,960.

Contributed services

Not reflected in these financial statements are many hours of service volunteered to the Organization by persons assisting the Organization's programs in capacities, which are not of a professional nature.

Classes of net assets

Unrestricted net assets include amounts available to be used at the discretion of the board 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. Permanently restricted net assets are those that represent permanent endowments where it is stipulated by donors that the principal remain in perpetuity and only the income is available as unrestricted or temporarily restricted in accordance with donor intentions. All donations are considered available for unrestricted use, unless specifically restricted by the donor.

Inventory

Inventory, at December 31, 2016, consists of donated medical supplies and is carried at estimated fair market value at date of donation.

Income taxes

The federal and state tax returns of the Organization for the years ended December 31, 2017, 2016 and 2015 are subject to examination by the Internal Revenue Service, generally for three years after they are filed. In addition, the December 31, 2014 tax return is subject to examination by the state of California until four years after the date it was filed.

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

3. PLEDGES RECEIVABLE

At December 31, 2017 pledges consist of:

| <u>Source</u> | <u>2017</u> |
|---------------------|--------------------|
| Multi-year pledges | \$1,468,709 |
| Single year pledges | <u>764,491</u> |
| Total | <u>\$2,233,200</u> |

For the year ended December 31, 2017 multi-year pledges receivable of \$1,468,709 are due from January 1, 2018 to August 15, 2019. These pledges have discount rates from .85% to 3.0%. The total unamortized discount was \$67,208 at December 31, 2017. Included in the multi-year pledges are four pledges due from one church for a total of \$526,040 making 23% of total pledges. The additional multi-year pledges are from four churches, five foundations and eight individuals. Management of the Organization believes all the pledge amounts will be collected so no allowance for uncollectible pledges has been recorded. Amounts due in future years are:

| <u>Year</u> | <u>Gross pledge</u> | <u>Discount</u> | <u>Net Pledge</u> |
|--------------------|---------------------|-----------------|--------------------|
| 2018 | \$1,468,709 | \$42,603 | \$1,426,105 |
| 2019 | 766,079 | 22,693 | 743,386 |
| 2020 | <u>65,620</u> | <u>1,911</u> | <u>63,709</u> |
| Pledges receivable | <u>\$2,300,408</u> | <u>\$67,208</u> | <u>\$2,233,200</u> |

At December 31, 2016 pledges consist of:

| <u>Source</u> | <u>2016</u> |
|---------------------|--------------------|
| Multi-year pledges | \$1,523,749 |
| Single year pledges | <u>115,995</u> |
| Total | <u>\$1,639,744</u> |

For the year ended December 31, 2016 multi-year pledges receivable of \$1,523,749 are due from January 1, 2017 to August 15, 2019. These pledges have discount rates from .85% to 3.0%. The total unamortized discount was \$27,402 at December 31, 2016. Included in the multi-year pledges are seven pledges due from one church for a total of \$1,133,027 making 69% of total pledges. The additional multi-year pledges are from seven foundations and six individuals. Management of the Organization believes all the pledge amounts will be collected so no allowance for uncollectible pledges has been recorded. Amounts due in future years are:

| <u>Year</u> | <u>Gross pledge</u> | <u>Discount</u> | <u>Net Pledge</u> |
|--------------------|---------------------|-----------------|--------------------|
| 2017 | \$ 856,069 | \$14,041 | \$ 842,028 |
| 2018 | 497,522 | 10,613 | 486,908 |
| 2019 | <u>313,555</u> | <u>2,748</u> | <u>310,808</u> |
| Pledges receivable | <u>\$1,667,146</u> | <u>\$27,402</u> | <u>\$1,639,744</u> |

4. INVESTMENTS

At December 31, 2017 investments consist of 3 common stock with a year-end market value of \$7,375.

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

5. ENDOWMENT INVESTMENTS

At December 31, 2017 investments stated in US dollars consist of \$260,897 in certificates of deposits and Kenyan Government Bonds denominated in Kenyan Shillings. Approximately, 39% of these investments are held in certificates of deposits in Kenyan banks. The CDs do not earn interest. These CDs mature on March 31, 2018. The government bonds are approximately 61% of total investments with an interest rate of 13.19% and a maturity date of June 22, 2020. These are the permanently restricted net assets described in note 7. These investments earned \$10,134 of interest in 2017.

At December 31, 2016 investments stated in US dollars consist of \$262,350 in term savings accounts in two banks in Kenya denominated in Kenyan Shillings. At one bank 38% of the funds are held with an interest rate of 16.50% and a maturity date of March 17, 2017. The remaining 62% are held in a second bank with no interest rate and maturity on April 6, 2017. These are the permanently restricted net assets described in note 7. These investments earned \$16,273 of interest in 2016.

6. OPERATING LEASE

The Organization has an operating lease on office space in Louisville, Kentucky. This lease is on month-to-month basis. For the years ended December 31, 2017 and 2016 lease payments were \$10,800.

7. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets at year-end consist of:

| <u>Restriction</u> | <u>2017</u> | <u>2016</u> |
|--------------------------------------|--------------------|--------------------|
| Training center improvement projects | \$ --- | \$ 338,295 |
| Training center furniture | 34,000 | --- |
| Global mission health conference | 8,851 | 42,198 |
| Short term trips | --- | 8,371 |
| Projects in Uganda | 13,652 | --- |
| Projects in Burundi | 2,682 | 2,682 |
| Relief in the Horn of Africa | 64,444 | 126,740 |
| Projects in Haiti | 133,003 | 215,583 |
| Ministry in North Africa | 45,124 | 138,324 |
| Projects in Djibouti | 114,956 | 195,140 |
| Projects in Eritrea | --- | 99,250 |
| Projects in Jamaica | 8,943 | 56,107 |
| Projects in Sudan | 173,787 | 329,830 |
| Projects in South Sudan | 155,174 | --- |
| Projects in Rwanda | 724,067 | 65,588 |
| Projects in Ethiopia | 161,051 | 158,180 |
| Projects in Kenya | 85,653 | 161,117 |
| Total | <u>\$1,725,387</u> | <u>\$1,940,405</u> |

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

7. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS continued

Permanently restricted net assets at both year-ends consist of \$250,000 for a permanent endowment to fund the administrative operations of the Organization's international office in Kenya. The investment policy allows for a broad range of investments.

8. 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, 2017 are:

| <u>Description</u> | <u>Quoted Prices</u> | <u>Other Market Valuations</u> | <u>Non – Market Valuations</u> |
|-----------------------|--------------------------|--|------------------------------------|
| Cash equivalents | \$ 4,883 | \$ --- | \$ --- |
| Endowment investments | 260,897 | --- | --- |
| Investments | 7,375 | --- | --- |
| Pledges receivable | --- | --- | <u>2,233,200</u> |
| Total | <u>\$281,155</u> | <u>\$ ---</u> | <u>\$2,233,200</u> |

| <u>Description</u> | <u>Non – Market Valuations</u> |
|---------------------------------------|------------------------------------|
| Beginning balance: Pledges receivable | \$2,249,145 |
| Collection of pledges receivable | (2,121,651) |
| Pledges received in 2017 | <u>2,105,706</u> |
| Ending balance: Pledges receivable | <u>\$2,233,200</u> |

Valuations based on the three types of inputs for the year ended December 31, 2016 are:

| <u>Description</u> | <u>Quoted Prices</u> | <u>Other Market Valuations</u> | <u>Non – Market Valuations</u> |
|-----------------------|--------------------------|--|------------------------------------|
| Cash equivalents | \$ 6,938 | \$ --- | \$ --- |
| Endowment investments | 262,350 | --- | --- |
| Pledges receivable | --- | --- | <u>1,639,744</u> |
| Total | <u>\$269,288</u> | <u>\$ ---</u> | <u>\$1,639,744</u> |

| <u>Description</u> | <u>Non – Market Valuations</u> |
|---------------------------------------|------------------------------------|
| Beginning balance: Pledges receivable | \$2,249,145 |
| Collection of pledges receivable | (1,640,666) |
| Pledges received in 2016 | <u>1,031,265</u> |
| Ending balance: Pledges receivable | <u>\$1,639,744</u> |

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

Pledges receivable are valued at total amount pledged at date of pledge net of discount for imputed interest.

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, 2017 and 2016, there was \$108,816 and \$345,184 respectively in excess of insured limits based on actual bank balances. At other times during the year balances exceeded insurance limits.

In the year ended December 31, 2017 Life in Abundance International was supported primarily by donor contributions. Approximately 39% of Life in Abundance International's total revenue was provided by two private foundations.

In the year ended December 31, 2016 Life in Abundance International was supported primarily by donor contributions. Approximately 42% 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 participating employee compensation. In 2017 and 2016 no payments were made because there were no employee contributions.

11. CONTINGENCY

The Organization is self-insured for all risks related to the training center in Jamaica.

12. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 23, 2018, the date which the financial statements were available to be issued, and there is one subsequent event to report. The Organization has established a Kenyan limited corporation named LIA Blue Wings Limited for the purpose of running a charter airline. The Organization will own 48% of the total shares issued. An individual will own 52% of total shares issued. Total shares authorized is 1,500,000 and issued will be 600,000. The individual will contribute \$312,000 USA dollars for 312,000 shares. The organization will contribute \$288,000 USA dollars for 288,000 shares. To fund this purchase of shares the Organization will obtain donations and a loan from an individual for \$100,000. This loan of \$100,000 has a maturity date of 5 years and no interest and no fixed repayment schedule. The Organization will also obtain a loan for \$1,100,000 from a private foundation. The proceeds will be loaned to LIA Blue Wings Limited. The loan from the private foundation will have an interest rate of four percent and a monthly payment of \$3,500 for five years when all unpaid amounts will be due. This private foundation will obtain 900,000 shares as collateral for the loan. The purpose of this airline is to provide transportation for the Organization's staff and volunteers as well as other organizations involved in serving the needs of people in East Africa.