

Life in Abundance International

Financial Statements

December 31, 2018 and 2017

Daniel R. Moore
Certified Public Accountant
10414 Olive St. Temple City, CA 91780
Telephone 626-242-8345

To the Board of Directors of
Life in Abundance International

I have audited the accompanying financial statement of Life in Abundance International (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

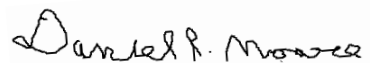
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life in Abundance International as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 2 to the financial statements Life In Abundance International adopted the provisions of FASB Accounting Standards Updated (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. My opinion is not modified with respect to this matter.

Report on 2017 Financial Statements

The financial statements of Life in Abundance International as of December 31, 2017 were audited by other accountants whose report dated June 19, 2018 expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "Daniel R. Monroe". The signature is written in a cursive style and is positioned on a light-colored rectangular background.

May 13, 2019

LIFE IN ABUNDANCE INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2018	2017
Current assets:		
Cash and cash equivalents	\$ 670,310	\$ 417,716
Pledges receivable	901,582	1,426,105
Investments	-	7,375
Total current assets	1,571,892	1,851,196
Property and equipment:		
Computers and office equipment	59,757	59,757
Website development	15,143	15,143
Buildings in Kenya and Jamaica	3,207,508	3,138,508
Land in Kenya and Jamaica	656,872	656,872
Less: accumulated depreciation	(314,064)	(228,629)
Net property and equipment	3,625,216	3,641,651
Other assets:		
Pledges receivable - noncurrent portion	1,187,417	807,095
Loan fees - net	23,833	-
Investments - endowment	281,990	260,897
Loan to LIA Blue Wings Limited	799,967	-
Investment in LIA Blue Wings Limited	246,107	-
Deposits	900	900
Total other assets	2,540,214	1,068,892
Total assets	\$ 7,737,322	\$ 6,561,739

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 8,527	\$ 10,222
Total current liabilities	8,527	10,222
Long-term liabilities:		
Note payable	1,111,855	-
Total long-term liabilities	1,111,855	-
Total liabilities	1,120,382	-
Net assets:		
Net assets without donor restrictions	4,823,683	4,576,130
Net assets with donor restrictions	1,793,257	1,975,387
Total net assets	6,616,940	6,551,517
Total liabilities and net assets	\$ 7,737,322	\$ 6,561,739

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

LIFE IN ABUNDANCE INTERNATIONAL
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	Without Donor Restrictions	With Donors Restrictions	Total	Without Donor Restrictions	With Donors Restrictions	Total
Support and revenue:						
Contributions	\$ 1,602,170	\$ 1,310,464	\$ 2,912,634	\$ 1,409,595	\$ 1,887,126	\$ 3,296,721
Contributions - gifts-in-kind	4,806	-	4,806	166,415	-	166,415
Realized and unrealized gains in investments	5,247	-	5,247	-	-	-
Loss on LIA Blue Wings Limited investment	(41,893)	-	(41,893)	-	-	-
Loss on sale of investments	(2,725)	-	(2,725)	-	-	-
Foreign exchange gain (loss)	5,298	-	5,298	(8,807)	-	(8,807)
Interest income	13,011	-	13,011	11,369	-	11,369
	<u>1,585,914</u>	<u>1,310,464</u>	<u>2,896,378</u>	<u>1,578,572</u>	<u>1,887,126</u>	<u>3,465,698</u>
Net assets released due to satisfaction of restrictions	<u>1,492,594</u>	<u>(1,492,594)</u>	<u>-</u>	<u>2,102,144</u>	<u>(2,102,144)</u>	<u>-</u>
Total support and revenue	<u>3,078,508</u>	<u>(182,130)</u>	<u>2,896,378</u>	<u>3,680,716</u>	<u>(215,018)</u>	<u>3,465,698</u>
Expenses:						
Program services	2,258,500	-	2,258,500	2,352,226	-	2,352,226
Supporting activities:						
Management & general	374,126	-	374,126	267,239	-	267,239
Fundraising	198,329	-	198,329	131,891	-	131,891
Total expenses	<u>2,830,955</u>	<u>-</u>	<u>2,830,955</u>	<u>2,751,356</u>	<u>-</u>	<u>2,751,356</u>
Change in net assets	247,553	(182,130)	65,423	929,360	(215,018)	714,342
Net assets at beginning of year	<u>4,576,130</u>	<u>1,975,387</u>	<u>6,551,517</u>	<u>3,646,770</u>	<u>2,190,405</u>	<u>5,837,175</u>
Net assets at end of year	<u>\$ 4,823,683</u>	<u>\$ 1,793,257</u>	<u>\$ 6,616,940</u>	<u>\$ 4,576,130</u>	<u>\$ 1,975,387</u>	<u>\$ 6,551,517</u>

The accompanying notes are integral part of these financial statements.

LIFE IN ABUNDANCE INTERNATIONAL

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2018				Year Ended December 31, 2017			
	Program Service	Management & General	Fund- Raising	Total Expenses	Program Service	Management & General	Fund- Raising	Total Expenses
Wages	\$ 94,925	\$ 140,751	\$ 91,652	\$ 327,328	\$ 91,884	\$ 136,241	\$ 88,715	\$ 316,840
Employee benefits	6,194	9,185	5,981	21,360	4,785	7,095	4,620	16,500
Payroll taxes	7,742	11,480	7,475	26,697	7,462	11,064	7,205	25,731
Staff training	4,238	-	-	4,238	2,995	-	-	2,995
Bank, wire & merchant fees	-	13,024	-	13,024	-	17,731	-	17,731
Interest	27,730	-	-	27,730	-	-	-	-
Computer supplies	805	1,194	778	2,777	413	612	398	1,423
Depreciation & amortization	85,071	2,442	1,588	89,101	72,774	2,495	1,490	76,759
Accounting and fees	-	56,399	-	56,399	-	49,612	-	49,612
Dues, subscriptions & registrations	3,315	4,915	3,201	11,431	3,454	5,122	3,336	11,912
Gifts-in-kind expense	4,806	-	-	4,806	167,456	-	-	167,456
Grants	1,823,858	-	-	1,823,858	1,732,389	-	-	1,732,389
International fundraising	-	-	56,121	56,121	-	-	-	-
Short term mission trips	144,404	-	-	144,404	200,370	-	-	200,370
Insurance	106	157	102	365	316	468	305	1,089
Occupancy	4,190	6,213	4,046	14,449	6,304	9,348	6,087	21,739
Outside service	607	900	586	2,093	-	-	-	-
Supplies	2,751	4,078	9,718	16,547	2,815	4,174	2,718	9,707
Printing	5,028	7,456	4,855	17,339	2,987	4,429	2,883	10,299
Postage	525	778	507	1,810	685	1,016	661	2,362
Bad debt expense	-	105,010	-	105,010	-	-	-	-
Promotions & advertising	3,438	5,098	7,100	15,636	7,611	11,286	7,349	26,246
Telecommunications	823	1,220	794	2,837	815	1,209	788	2,812
Travel	30,610	3,826	3,825	38,261	42,698	5,337	5,336	53,371
Website service	7,334	-	-	7,334	4,013	-	-	4,013
Total expenses	<u>\$ 2,258,500</u>	<u>\$ 374,126</u>	<u>\$ 198,329</u>	<u>\$ 2,830,955</u>	<u>\$ 2,352,226</u>	<u>\$ 267,239</u>	<u>\$ 131,891</u>	<u>\$ 2,751,356</u>

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

LIFE IN ABUNDANCE INTERNATIONAL

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 65,423	\$ 714,342
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	89,101	76,759
Loss on LIA Blue Wings Limited not using cash	41,893	-
Loss on sale of investments	2,725	-
Bad debt expense on uncollectible pledges	105,010	-
Contribution of common stocks	-	(7,375)
Exchange rate loss and fees on endowment investment	(5,298)	11,585
(Increase) decrease in:		
Pledges receivable	39,191	(593,456)
Inventory	-	1,070
Increase (decrease) in:		
Accounts payable & accrued expenses	(1,695)	(12,648)
Net cash provided by operating activities	336,350	190,277
Cash flows from investing activities:		
Purchase of computer and office equipment	-	(7,643)
Loan fees	(27,500)	-
Purchase of building	(69,000)	(600,473)
Purchase of investments	(288,000)	-
Proceeds from sale of investments	4,650	-
Earning reinvested on endowment	(15,794)	(10,132)
Loan to LIA Blue Wings Limited	(799,967)	-
Net cash used by investing activities	(1,195,611)	(618,248)
Cash flows from financing activities:		
Proceeds from loan	1,111,855	-
Net cash provided by financing activities	1,111,855	-
Net Increase (decrease) in cash and cash equivalents	252,594	(427,971)
Cash and cash equivalents at beginning of year	417,716	845,687
Cash and cash equivalents at end of year	\$ 670,310	\$ 417,716
Supplemental disclosures:		
Interest paid	\$ 14,818	\$ -

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

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

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 fourteen 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Life in Abundance International uses accrual basis accounting.

Tax status

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3). In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Organization that is not a private foundation under Section 509(a)(2). The Organization is also exempt from state income tax under section 23701d of the California Revenue and Taxation Code.

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 are 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.

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

Property and equipment

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.

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, 2018 \$4,806 of personal computers were donated to the Organization. During the year ended December 31, 2017, \$15,718 of personal computers and \$150,696 of rice and bean food packs were donated to the Organization.

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

Net assets without donor restrictions includes amounts available to be used at the discretion of the board in the Organization's programs and operations and those resources invested in equipment. Net assets with donor restriction on a temporarily basis are those that are restricted by donors for specific operating purposes. Net assets with restriction on a permanent basis 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.

Functional allocation of expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefits primarily on estimates of time and effort. Depreciation expense on buildings at various field sites are 100% program and deprecation on equipment and website costs are allocated on wages. Travel is allocated at 80% program, 10% administration and 10% fundraising.

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

Adoption of FASB accounting standards update 2016-14

The Organization has adopted the provisions of FASB Accounting Standards Update (ASU) 2016-14, presentation of financial statements of Not-For-Profit Entities. Accordingly, the accompanying financial statements and related notes follow the net asset classification, presentation, and disclosure requirements prescribed by this ASU.

3. PLEDGES RECEIVABLE

At December 31, 2018 net pledges consist of:

<u>Source</u>	<u>2018</u>
Multi-year pledges	\$1,187,417
Single year pledges	<u>901,582</u>
Total	<u>\$2,088,999</u>

For the year ended December 31, 2018 multi-year pledges receivable of \$1,187,417 are due from January 1, 2019 to October 1, 2021. These pledges have discount rates from .85% to 7.0%. The total unamortized discount was \$147,654 at December 31, 2018. Included in the multi-year pledges is a pledge from private foundation of \$900,000 making 40% of total pledges. The additional multi-year pledges are from two churches, three foundations and an individual. Amounts due in future years are:

<u>Year</u>	<u>Gross pledge</u>	<u>Discount</u>	<u>Net Pledge</u>
2019	\$971,823	\$70,242	\$ 901,582
2020	674,349	52,262	622,087
2021	<u>590,480</u>	<u>25,150</u>	<u>565,330</u>
Pledges receivable	<u>\$2,236,652</u>	<u>\$147,654</u>	<u>\$2,088,999</u>

At December 31, 2017 net pledges consist of:

<u>Source</u>	<u>2017</u>
Multi-year pledges	\$807,095
Single year pledges	<u>1,426,105</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>

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

4. INVESTMENTS

At December 31, 2018 investment consisted of a 48% interest in LIA Blue Wings Limited, a Kenya Limited Liability Corporation. The corporation was established by management of the Organization to purchase and operate an airplane to transport staff of the Organization and other organizations involved in community development and evangelistic work to field sites. The original investment in LIA Blue Wings Limited was \$288,000.

LIA Blue Wings Limited incurred a loss of \$87,277 during the year ended December 31, 2018. Blue Wings Limited owned 48% of this loss (\$41,893) and this reduced the carrying value of the investment to \$246,107.

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

5. ENDOWMENT INVESTMENTS

At December 31, 2018 investments stated in US dollars consist of \$270,710 in Kenyan Government Bonds denominated in Kenyan Shillings. The government bonds are approximately 96% of total investments with an interest rate of 8.79% to 14.50% and a maturity dates from September of 2019 to May of 2043. Additionally, the Organization holds \$11,280 of corporate bonds with interest rates from 12.50% to 14.71% and maturity dates from July of 2019 to June of 2022. These are the permanently restricted net assets described in note 7. The endowment received a contribution of \$150,000 (was \$127,500 net of administrative fee) This \$150,000 was pledged in 2018 and the cash on this pledge will paid to the Organization in 2019.

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.

The investment policy allows for a broad range of investments. Appropriations require board of director's approval and are considered as needs arise. As the endowment assets are held in Kenya the Organization follows Kenyan endowment laws.

Changes in the endowment account are as follows:

<u>Transactions</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$260,897	\$262,252
Earnings	21,093	10,134
Fees	---	(11,489)
Pledges receivable	<u>\$281,990</u>	<u>\$260,897</u>

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

6. NOTE PAYABLE

The Organization borrowed \$1,100,000 from the Impact Investing Charitable Trust under a note dated May 15, 2018. The interest rate is 4% per annum. The loan requires monthly payments of \$3,500 beginning 120 days after the loan date. On the 5th anniversary of the loan date all interest and any unpaid principal amount is due. The note allows for prepayments without any penalty. The collateral is the Organization's interest in Blue Wings Corporation. The scheduled monthly payments on this loan are smaller than the interest incurred monthly so no portion of the loan payment goes to pay down the loan balance. The loan balance will increase with the unpaid interest portion of each month's payment. Therefore there are no maturities of long-term debt for the years 2019 to 2022. The maturity balance due at the end of the loan period will be \$1,123,540 if no additional payments are made.

7. NET ASSETS WITH RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the year ended December 31, 2018. Net assets contributions, releases and year end restrictions consist of:

<u>Restriction</u>	<u>2017</u>	<u>Contributions</u>	<u>Releases</u>	<u>2018</u>
Training center furniture	\$ 34,000	\$ ---	\$ (34,000)	\$ ---
Training center projects	---	7,975	(7,975)	---
Endowment donation	250,000	150,000	(22,500)	377,500
General fund	---	87,100	(87,100)	---
Global health conference	8,851	92,230	(51,430)	49,651
Blue Wings Airplane	---	125,000	(18,750)	106,250
Projects in Uganda	13,652	313,440	(63,001)	264,091
Projects in Burundi	2,682	---	---	2,682
Relief in the Horn of Africa	64,444	146,800	(188,512)	22,732
Projects in Haiti	133,003	5,800	(93,050)	45,753
Ministry in North Africa	45,124	20,000	(51,673)	13,451
Projects in Djibouti	114,956	431	(95,430)	19,957
Projects in Jamaica	8,943	25,150	(19,070)	15,023
Projects in Sudan	173,787	65,328	(113,240)	125,875
Projects in South Sudan	155,174	---	(36,483)	118,691
Projects in Rwanda	724,067	---	(401,095)	322,972
Projects in Ethiopia	161,051	139,906	(204,322)	96,599
Projects in Kenya	<u>85,653</u>	<u>131,340</u>	<u>(4,963)</u>	<u>212,030</u>
Total	<u>\$1,975,387</u>	<u>\$1,310,500</u>	<u>\$1,492,594</u>	<u>\$1,793,257</u>

Net assets with permanent restrictions at December 31, 2018 consist of \$377,500 for a permanent endowment to fund the administrative operations of the Organization's international office in Kenya. The balance at December 31, 2017 was \$250,000.

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

8. LOAN TO LIA BLUE WINGS LIMITED

The Organization loaned \$799,967 to the LIA Blue Wings Limited for purchase of the airplane and other assets. There is no interest on this loan and no scheduled repayment date. The LIA Blue Wings Limited will pay the loan as profits from the operations allow for payment. After the loan is paid profit will be used to fund programs.

9. 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, 2018 are:

<u>Description</u>	<u>Quoted Prices</u>	<u>Other Market Valuations</u>	<u>Non – Market Valuations</u>
Endowment investments	\$281,990	---	\$ ---
Pledges receivable	---	---	<u>2,236,652</u>
Total	<u>\$281,990</u>	<u>\$ ---</u>	<u>\$2,236,652</u>

<u>Description</u>	<u>Non – Market Valuations</u>
Beginning balance: Pledges receivable	\$2,233,200
Collection of pledges receivable	(1,331,115)
Pledges received in 2018	<u>1,327,663</u>
Ending balance: Pledges receivable	<u>\$2,236,652</u>

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>
Endowment investments	\$260,897	---	\$ ---
Investments	7,375	---	---
Pledges receivable	---	---	<u>2,233,200</u>
Total	<u>\$268,272</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>

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

9. FAIR VALUE MEASUREMENTS continued

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

10. LIQUIDITY AND AVAILABILITY

Financial assets are considered to be available for general expenditure if there are no donor or other restrictions that would preclude use for general expenditures. At December 31, 2018 financial assets available for general expenditure within one year are comprised of the following:

	<u>2018</u>	<u>2017</u>
Cash	\$ 962,299	\$ 685,880
Pledges receivable – current portion	<u>901,582</u>	<u>1,426,105</u>
Total financial assets	1,863,881	2,111,985
Less: Net assets at year-end with temporary restrictions	(1,415,757)	(1,725,351)
Permanent endowment	<u>(377,500)</u>	<u>(250,000)</u>
Total liquid assets available for general expenditures	<u>\$ 70,624</u>	<u>\$ 136,634</u>

To manage liquid assets the Organization establishes an annual budget that plans to maintain any reserves. Each field site and program have a budget that will spend grants and donations received but not more than amount received. This maintains cash balance sufficient to provide cash for all general expenditures for the year.

11. 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, 2018 and 2017, there was \$405,067 and \$108,816 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, 2018 Life in Abundance International was supported primarily by donor contributions. Approximately 37% of Life in Abundance International's total revenue was provided by one private foundation.

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.

12. 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 2018 and 2017 no payments were made because there were no employee contributions.

LIFE IN ABUNDANCE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

13. 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, 2018 and 2017 lease payments were \$10,200 and \$10,800 respectively.

14. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 13, 2019, the date which the financial statements were available to be issued, and there was no subsequent event to report.

15. CONTINGENCY

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