

myLIFEspeaks

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2018

myLIFEspeaks
FINANCIAL STATEMENTS
DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of myLIFEspeaks

We have audited the accompanying statement of financial position of myLIFEspeaks as of December 31, 2018, and the related statement of activities, cash flows and functional expenses 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 consolidated 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 myLIFEspeaks as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Thomason Financial Resources", is written over the date.

February 15, 2019

myLIFEspeaks
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$ 616,137
Accounts receivable	146,474
Prepays	9,333
Total current assets	<u>\$ 771,944</u>

Property and Equipment

Land	196,258
Leasehold improvements	128,015
Equipment	122,407
Vehicles	125,203
Computer equipment	7,947
Construction in progress	67,172
Less: accumulated depreciation	<u>(174,860)</u>
Total property and equipment	<u>472,142</u>

Cash restricted for investment in property and equipment 703,501

Total assets \$ 1,947,587

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 5,742
Deferred revenue	186,248
Total current liabilities	<u>191,990</u>

Net Assets

Without donor restrictions	1,052,096
With donor restrictions	<u>703,501</u>
Total net assets	<u>1,755,597</u>
Total liabilities and net assets	<u><u>\$ 1,947,587</u></u>

The accompanying notes are an integral part of these financial statements

myLIFEspeaks
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue			
Public support:			
Contributions	\$ 936,766	\$ 130,491	\$ 1,067,257
In-kind contributions	56,975		56,975
Special event revenue:			
Revenue	329,910	-	329,910
Less direct costs	(82,703)	-	(82,703)
Net revenue from special events	247,207	-	247,207
Total public support	1,240,948	130,491	1,371,439
Revenue:			
Trip income	446,630	-	446,630
Sale of merchandise	46,953	-	46,953
Less cost of goods sold	(39,207)	-	(39,207)
Net sale of merchandise	7,746	-	7,746
Health clinic fees	6,179	-	6,179
Interest income	50	-	50
Total revenue	460,605	-	460,605
Net assets released from restrictions - satisfaction of program restrictions	18,284	(18,284)	-
Total public support and revenue	1,719,837	112,207	1,832,044
Expenses			
Program services	1,092,703	-	1,092,703
Management and general	186,794	-	186,794
Fundraising	106,422	-	106,422
Total expenses	1,385,919	-	1,385,919
Change in net assets	333,918	112,207	446,125
Net assets at beginning of year	718,178	591,294	1,309,472
Net assets at end of year	<u>\$ 1,052,096</u>	<u>\$ 703,501</u>	<u>\$ 1,755,597</u>

The accompanying notes are an integral part of these financial statements

myLIFEspeaks
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 137,675	\$ 45,891	\$ 45,000	\$ 228,566
Employee benefits	50,092	16,697	6,267	73,056
Payroll taxes	8,486	3,511	3,443	15,440
Total compensation	<u>196,253</u>	<u>66,099</u>	<u>54,710</u>	<u>317,062</u>
Haiti contract services	296,415	-	-	296,415
Haiti transportation	58,139	-	-	58,139
Haiti team and staff food	129,756	-	-	129,756
Haiti projects	23,571	-	-	23,571
Haiti house and clinic rent	53,520	-	-	53,520
Haiti telephone	6,799	-	-	6,799
Haiti orphan care & prevention	9,986	-	-	9,986
Haiti life academy expenses	18,404	-	-	18,404
Haiti supplies and equipment	47,810	-	-	47,810
Haiti repairs and maintenance	37,163	-	-	37,163
Haiti clinic expense	51,132	-	-	51,132
Haiti community involvement	19,356	-	-	19,356
Haiti special events	19,882	-	-	19,882
Haiti internships	4,500	-	-	4,500
Haiti other expenses	7,583	-	-	7,583
Professional fees	-	46,137	-	46,137
Insurance	-	15,362	-	15,362
Banking and credit card fees	-	-	22,738	22,738
Telephone	1,809	1,809	1,809	5,427
Office rent and storage	13,500	4,500	-	18,000
Office supplies	-	8,350	8,349	16,699
Travel and meetings	24,751	4,125	12,376	41,252
Marketing	18,798	-	6,265	25,063
Website maintenance	13,079	-	-	13,079
Misappropriation of funds	-	37,700	-	37,700
Miscellaneous	4,000	2,712	175	6,887
Direct expenses of special events	-	-	82,703	82,703
Depreciation	36,497	-	-	36,497
Total expenses	<u>1,092,703</u>	<u>186,794</u>	<u>189,125</u>	<u>1,468,622</u>
Less: expenses netted with revenue on statement of activities;				
Direct expenses of special events	-	-	(82,703)	(82,703)
Total expenses by function	<u>\$ 1,092,703</u>	<u>\$ 186,794</u>	<u>\$ 106,422</u>	<u>\$ 1,385,919</u>
Current year's percentages	79%	13%	8%	100%

The accompanying notes are an integral part of these financial statements

myLIFEspeaks
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows From Operating Activities:

Change in net assets	\$ 446,125
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	36,497
Contributions for property and equipment	(112,207)
Changes in operating assets and liabilities:	
Accounts receivable	(75,104)
Prepays	(9,333)
Accounts payable	(2,999)
Deferred revenue	66,348
Net cash provided by operating activities	<u>349,327</u>

Cash Flows From Investing Activities:

Purchases of property and equipment	(119,204)
Net cash used in investing activities	<u>(119,204)</u>
Net increase in cash and cash equivalents	230,123
Cash and cash equivalents at beginning of year	386,014
Cash and cash equivalents at end of year	<u>\$ 616,137</u>

Supplemental disclosure of non-cash operating activities

In-kind contributions of accounting services	\$ 14,975
In-kind contributions of facility rent	18,000
In-kind contributions of special event materials	24,000
Total in-kind contributions	<u>\$ 56,975</u>

The accompanying notes are an integral part of these financial statements

myLIFEspeaks
Notes to Financial Statements
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

myLIFEspeaks (the “Organization”) is a not-for-profit organization located in Nashville, Tennessee. The Organization’s purpose is to develop a Christ-Centered #commUNITY in Neply, Haiti through Orphan Care & Prevention, Education, and Public Health. The Organization believes their call is to provide every person in Neply the opportunity to experience LIFE to the fullest. The Organization earns income from providing mission trips to Haiti and is supported primarily through business and individual contributions.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor’s instructions.

Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as net assets without donor restrictions. When a restriction expires in a period after the contributions are received, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

myLIFEspeaks
Notes to Financial Statements
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation-continued

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents.

Accounts Receivable

The Organization considers accounts receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

Property and Equipment

Property and equipment are recorded at cost to the Organization, or if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset. When property and equipment are sold or otherwise disposed, the asset and related accumulated depreciation are relieved, and any gain or loss is included in operations. Expenditures for repairs and maintenance are charged to operations when incurred. Estimated useful lives are 3-7 years, 7 years, 5 and 17 years for equipment, vehicles, computer equipment, and leasehold improvements, respectively.

Deferred Revenue

Trip fees collected in advance of being earned have been included in the statement of financial position as deferred revenue. Such deferred revenue is recognizable within at least one year.

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Notes to Financial Statements
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Contributions

Contributions are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

In-Kind Contributions

The Organization receives contributions in a form other than cash. Most are donated supplies and materials for fundraisers (\$24,000), which are recorded as contributions at the date of gift and as expenses when the items are placed into service or distributed. Donated use of facilities for office space in Nashville (\$18,000) is reported as contributions and as rent expense at the estimated fair value of similar space for rent under similar conditions. Donated accounting services (\$14,975) were provided by the Organization's third-party accountant and are included as contributions and as professional fees. These in-kind contributions are reported in the statement of activities at its fair value at the date of receipt for the year ended December 31, 2018.

Expense Recognition and Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Telephone, travel and meetings, and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and genral expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

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Notes to Financial Statements
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Expense Recognition and Allocation-continued

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, joint costs have been allocated between fundraising and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising.

Use of Estimates

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

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

Change in Accounting Principles

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 2).

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Notes to Financial Statements
December 31, 2018

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has \$762,611 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$616,137, and accounts receivable of \$146,474. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$250,000. The Organization also has a policy to structure its financial assets to be available as its general expenditures, liabilities, any other obligations come due.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents	\$ 616,137
Cash restricted for investment in property and equipment	<u>703,501</u>
	<u>\$1,319,638</u>

NOTE 4 – CONCENTRATION OF RISK

Amounts held in a financial institution occasionally are in excess of the Federal Deposit Insurance Corporation limit. The organization deposits its cash with a high quality financial institution, and management believes the organization is not exposed to significant credit risk on those amounts.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018, net assets with donor restrictions are available for the following purposes:

Property and building costs for Haiti campus	\$678,172
Life Academy school– education and music	8,703
Relief fund	<u>16,626</u>
	<u>\$703,501</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

Life Academy school– education and music	<u>\$ 18,284</u>
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Notes to Financial Statements
December 31, 2018

NOTE 6 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through February 15, 2019, the issuance of the Organization's financial statements.