



**LIFELINE CHRISTIAN
MISSION AND AFFILIATE**

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Financial Statements	8
Supplementary Information	
Independent Auditors' Report on Supplementary Information	20
Consolidating Statement of Financial Position-December 31, 2021	21
Consolidating Statement of Financial Position-December 31, 2020 (Restated)	22
Consolidating Statement of Activities-Year Ended December 31, 2021	23
Consolidating Statement of Activities-Year Ended December 31, 2020 (Restated)	24



INDEPENDENT AUDITORS' REPORT

Board of Directors
Lifeline Christian Mission and Affiliate
Westerville, Ohio

Opinion

We have audited the accompanying consolidated financial statements of Lifeline Christian Mission and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lifeline Christian Mission and Affiliate as of December 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Lifeline Christian Mission, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 13, Lifeline Christian Mission and Affiliate identified adjustments pertaining to inventory, consolidation of the affiliate's activity, fixed assets, receivables, revenue, and change in net assets for the year ended December 31, 2020. Accordingly, the beginning balances for the year ended December 31, 2020 have been adjusted to correct these errors. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lifeline Christian Mission and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors
Lifeline Christian Mission
Westerville, Ohio

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lifeline Christian Mission and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lifeline Christian Mission and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Colorado Springs, Colorado
November 1, 2022

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Consolidated Statements of Financial Position

	December 31,	
	2021	2020 (Restated)
ASSETS:		
Cash and cash equivalents	\$ 672,060	\$ 698,225
Investments	25,500	135,500
Contributions receivable	178,522	152,509
Employee Retention Credit receivable	375,101	148,635
Prepaid expenses and other assets	30,418	45,926
Inventory	460,092	147,469
Beneficial interest in assets	110,000	-
Property and equipment–net	2,159,963	2,044,958
	<u>\$ 4,011,656</u>	<u>\$ 3,373,222</u>
Total Assets	\$ 4,011,656	\$ 3,373,222
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 328,662	\$ 281,183
Accrued expenses	684,977	849,853
Deferred revenue	66,738	42,203
Debt–net of debt issuance costs	1,836,574	1,187,769
Total liabilities	<u>2,916,951</u>	<u>2,361,008</u>
Net assets:		
Without donor restrictions	(172,163)	127,397
With donor restrictions	1,266,868	884,817
Total net assets	<u>1,094,705</u>	<u>1,012,214</u>
Total Liabilities and Net Assets	\$ 4,011,656	\$ 3,373,222

See notes to financial statements

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Consolidated Statements of Activities

	Year Ended December 31,					
	2021			2020 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 6,830,546	\$ 579,916	\$ 7,410,462	\$ 6,653,025	\$ 188,578	\$ 6,841,603
Gifts-in-kind	931,864	-	931,864	928,280	-	928,280
School revenue	228,641	-	228,641	219,569	-	219,569
Employee Retention Credit income	226,466	-	226,466	148,635	-	148,635
Other income	131,406	-	131,406	52,113	-	52,113
Total support and revenue	8,348,923	579,916	8,928,839	8,001,622	188,578	8,190,200
RECLASSIFICATIONS:						
Satisfaction of program restrictions	197,865	(197,865)	-	168,134	(168,134)	-
EXPENSES:						
Program services	7,397,279	-	7,397,279	6,690,778	-	6,690,778
Supporting activities:						
Management and general	1,143,711	-	1,143,711	1,023,395	-	1,023,395
Fundraising	305,358	-	305,358	277,067	-	277,067
Total supporting activities	1,449,069	-	1,449,069	1,300,462	-	1,300,462
Total expenses	8,846,348	-	8,846,348	7,991,240	-	7,991,240
Change in Net Assets	(299,560)	382,051	82,491	178,516	20,444	198,960
Net Assets, Beginning of Year, as previously stated	127,397	884,817	1,012,214	1,673,456	896,844	2,570,300
Prior period adjustments	-	-	-	(1,724,575)	(32,471)	(1,757,046)
Net Assets, Beginning of Year, as restated	127,397	884,817	1,012,214	(51,119)	864,373	813,254
Net Assets, End of Year	\$ (172,163)	\$ 1,266,868	\$ 1,094,705	127,397	884,817	1,012,214

See notes to financial statements

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Consolidated Statements of Functional Expenses

Year Ended December 31, 2021					
Program Services	Supporting Activities:			Total Supporting	Total
	Management and General	Fundraising	Total		
Salaries and benefits	\$ 2,502,765	\$ 593,810	\$ 250,447	\$ 844,257	\$ 3,347,022
Grants to others	2,194,400	-	-	-	2,194,400
Food and nutrition	1,050,219	1,523	1,523	3,046	1,053,265
Office expenses	358,412	343,346	14,570	357,916	716,328
Supplies, equipment, and maintenance	463,655	142,507	20,537	163,044	626,699
Travel and shipping	503,109	7,589	16,700	24,289	527,398
Depreciation and amortization	150,458	52,399	1,176	53,575	204,033
Other	174,261	2,537	405	2,942	177,203
Total	\$ 7,397,279	\$ 1,143,711	\$ 305,358	\$ 1,449,069	\$ 8,846,348

Year Ended December 31, 2020 (Restated)					
Program Services	Supporting Activities:			Total Supporting	Total
	Management and General	Fundraising	Total		
Salaries and benefits	\$ 2,234,681	\$ 495,519	\$ 229,365	\$ 724,884	\$ 2,959,565
Grants to others	2,241,618	-	-	-	2,241,618
Food and nutrition	1,018,143	1,378	1,378	2,756	1,020,899
Office expenses	245,025	302,412	22,304	324,716	569,741
Supplies, equipment, and maintenance	285,658	163,899	18,837	182,736	468,394
Travel and shipping	382,425	8,978	4,241	13,219	395,644
Depreciation and amortization	114,845	48,483	942	49,425	164,270
Other	168,383	2,726	-	2,726	171,109
Total	\$ 6,690,778	\$ 1,023,395	\$ 277,067	\$ 1,300,462	\$ 7,991,240

See notes to financial statements

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Consolidated Statements of Cash Flows

	December 31,	
	2021	2020 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 82,491	\$ 198,960
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	204,033	164,270
Realized and unrealized gain on investments	(6,408)	-
Forgiveness of Paycheck Protection Program loan	(344,471)	(447,155)
Amortization of debt issuance costs	5,644	3,386
Donated property and equipment	-	(67,552)
Employee Retention Credit receivable	(226,466)	(148,635)
Contribution of beneficial interest in assets	(110,000)	-
Loss (gain) on disposal and sale of property and equipment	7,382	(2,700)
Changes in:		
Contributions receivable	(26,013)	(13,463)
Prepaid expenses and other assets	15,508	48,882
Inventory	(312,623)	25,865
Accounts payable	47,479	(184,164)
Accrued expenses	(164,876)	93,719
Deferred revenue	24,535	(82,861)
Net Cash Used by Operating Activities	(803,785)	(411,448)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(292,110)	(78,431)
Proceeds from sales of investments	116,408	-
Purchase of investments	-	(7,500)
Proceeds from sale of property and equipment	2,073	2,700
Net Cash Used by Investing Activities	(173,629)	(83,231)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on debt	508,102	-
Proceeds from Paycheck Protection Program loan	344,471	447,155
Borrowings on line of credit	260,000	95,011
Payments on line of credit	(71,011)	(95,000)
Payments on debt	(90,313)	(48,055)
Net Cash Provided by Financing Activities	951,249	399,111
Net Change in Cash and Cash Equivalents	(26,165)	(95,568)

(continued)

See notes to financial statements

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Statements of Cash Flows (continued)

	December 31,	
	2021	2020 (Restated)
Cash and Cash Equivalents, Beginning of Year, as previously stated	698,225	735,174
Prior period adjustment	-	58,619
Cash and Cash Equivalents, Beginning of Year, as restated	698,225	793,793
Cash and Cash Equivalents, End of Year	\$ 672,060	\$ 698,225
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Property and equipment acquired through debt	\$ 36,383	\$ 101,034
Termination of capital lease agreement and return of equipment	\$ -	\$ 23,599
Non-cash transaction to recognize loan forgiveness	\$ 344,471	\$ 447,155
Cash paid during the year for interest expense	\$ 82,175	\$ 91,026
Refinanced debt	\$ 172,524	\$ -

See notes to financial statements

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

1. NATURE OF ORGANIZATION:

Lifeline Christian Mission (LCM) is a nonprofit organization. The primary purpose of LCM is to construct and operate churches, schools and medical facilities, including providing charitable relief in the form of food and medical supplies, in Haiti, Honduras, El Salvador, Cuba, Canada, Guatemala, Panama, Ecuador and Red Sands (USA).

LCM's outreaches are funded by contributions from churches and individuals throughout the country, a majority of which are located in the Midwest.

LCM is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the assets, liabilities, net assets, revenues, and expenses of Lifeline Christian Mission Foundation - Honduras, which is a legal operating entity that is controlled by Lifeline Christian Mission (collectively referred to as the Organization). All intercompany transactions and balances have been eliminated within the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES:

The Organization prepares its consolidated financial statements on the accrual basis of accounting. The Organization uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the consolidated financial statements. The more significant accounting policies are described below.

CASH, CASH EQUIVALENTS AND CREDIT RISK

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. While the Organization's cash equivalents at times may exceed federally insured limits, the Organization has not experienced any losses on such accounts. The Organization believes it is not exposed to any significant credit risk on these accounts. As of December 31, 2021 and 2020, approximately \$148,000 and \$196,000, respectively, was in excess of federally insured limits.

INVESTMENTS

Investments consist of a time certificate held with The Solomon Foundation (TSF, see Note 11). The time certificate with TSF is a deposit investment that represents unsecured and uninsured debt obligations of The Solomon Foundation with a maturity date of May 31, 2022. The certificate is reported at cost and bears interest at 4.75 percent. The certificate includes an early withdrawal penalty of 3%. Interest earned on the certificate is reported in other income on the consolidated statements of activities.

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give related to meal pack events and are recognized as assets and support in the period made. All receivables are expected to be received within one year and are recorded at their net realizable value based on management's estimate of the receivables being collectible. Management believes that all contributions receivable are collectible; therefore, no allowance for uncollectible amounts has been recorded as of December 31, 2021 and 2020.

EMPLOYEE RETENTION CREDIT RECEIVABLE

As a response to the coronavirus pandemic, during the year ended December 31, 2021, the Organization qualified and applied for the Employee Retention Credit (ERC). The credits are related to the years ended December 31, 2021 and 2020. See Note 13 for a description of the prior period restatement related to the ERC as the revenue earned during the year ended December 31, 2020. Management believes all amounts are fully collectible.

INVENTORY

Inventory procured by the Organization is stated at the lower of cost or net realizable value. The Organization receives donations of medical supplies, clothing, and food for use in its outreach programs. Gifts-in-kind contributions are valued at their estimated fair value on the date of donation. Fair value is determined using the market approach whereby the Organization uses prices and other relevant information generated for market transactions involving comparable assets.

BENEFICIAL INTEREST IN ASSETS

Beneficial interest in assets consist of an unconditional interest in the future cash flows of a investment held with The Solomon Foundation (TSF, see Note 11). The Organization does not have control over the funds, but does retain an unconditional interest in the future cash flows of the investment, therefore has recorded this beneficial interest at the fair market value as of December 31, 2021. Distributions of the funds are treated as unconditional contributions without donor restrictions during the year they occur.

PROPERTY AND EQUIPMENT

Property and equipment purchased by the Organization are recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$5,000 with a useful life in excess of one year. The fair value of donated property and equipment are similarly capitalized without donor restriction unless explicit donor stipulations specify the use of the asset, in which the donor restriction is released when the property and equipment is placed in service. Some of the property and equipment is held outside the United States and could be seized by the local governments without warning or reason. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets:

Building and improvements	15-39 years
Furniture and equipment	5-7 years
Vehicles	7-15 years

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

Net assets and changes therein are reported as follows:

Net assets without donor restrictions are amounts currently available for ministry purposes at the discretion of the board of directors.

Net assets with donor restrictions are contributed with donor stipulations for specific operating purposes or programs and those restricted by time restrictions.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the organization. Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as satisfaction of purpose restrictions. If the donor restriction is fulfilled in the same year in which the contribution is received, the Organization reports the support as without donor restrictions.

During the years ended December 31, 2021 and 2020, the Organization received two rounds of the Paycheck Protection Program (PPP) loans of \$344,471 and \$447,155, respectively. The Organization has adopted the simultaneous release option for funds received through conditional grants, such as the PPP loan. Therefore, all conditional grants received for which the Organization has met the barriers for revenue recognition have been treated as contributions without donor restrictions in the consolidated statements of activities. During the year ended December 31, 2021, the first round of the PPP loan was forgiven in full by the Small Business Administration (SBA). Subsequent to the year ended December 31, 2021, as described in Note 13, the second round of the PPP loan was forgiven in full.

School revenue consists of tuition income that is recognized when earned. Any tuition collected prior to the period earned is recorded as deferred revenue. Tuition earned, but not yet received, is recorded as accounts receivable.

Other income is recorded when earned and consists primarily of sales, event, and investment income.

Expenses are recorded when incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated statements of functional expenses reports certain categories of expenses that are attributable to program or support activities of the Organization. These expenses include depreciation and supplies, equipment and maintenance, which are allocated based on square footage of occupancy. Costs of other categories, such as salaries and benefits, were allocated on estimates of time and effort.

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, respectively, reduced by amounts not available for general use because of board designations and contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date.

	December 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 672,060	\$ 698,225
Investments	25,500	135,500
Contributions receivable	178,522	152,509
Employee Retention Credit receivable	375,101	148,635
Accounts receivable (included within prepaid expenses and other assets)	76,684	90,790
Financial assets, at year end	<u>1,327,867</u>	<u>1,225,659</u>
Less those unavailable for general expenditures within one year, due to:		
Board designations - Legacy Fund	(40,200)	(40,200)
Restricted by donor with purpose restrictions	(125,000)	(125,000)
	<u>(165,200)</u>	<u>(165,200)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,162,667</u>	<u>\$ 1,060,459</u>

The Organization is substantially supported by contributions, which at times are received with restrictions. Those contributions with donor restriction require resources to be used in a particular manner or in a future period. The Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization also could draw upon its two available revolving lines of credit up to \$570,000 (Note 6).

4. INVENTORY:

Inventory consists of:

	December 31,	
	2021	2020
Meal pack supplies	\$ 374,685	\$ 215,093
Medical and other supplies	85,407	29,904
	<u>\$ 460,092</u>	<u>\$ 244,997</u>

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

5. PROPERTY AND EQUIPMENT:

Property and equipment-net consists of the following:

	December 31, 2021		
	United States	Honduras	Total
Land	\$ 31,000	\$ 59,721	\$ 90,721
Buildings and improvements	1,662,887	462,465	2,125,352
Vehicles	214,597	116,166	330,763
Equipment and furniture	262,159	90,385	352,544
Software	96,542	-	96,542
	2,267,185	728,737	2,995,922
Less accumulated depreciation	(700,507)	(234,724)	(935,231)
	1,566,678	494,013	2,060,691
Construction in process	-	99,272	99,272
	\$ 1,566,678	\$ 593,285	\$ 2,159,963
	December 31, 2020		
	United States	Honduras	Total
Land	\$ 31,000	\$ -	\$ 31,000
Buildings and improvements	1,422,355	462,465	1,884,820
Vehicles	225,776	131,762	357,538
Equipment and furniture	214,596	83,916	298,512
Software	96,542	-	96,542
	1,990,269	678,143	2,668,412
Less accumulated depreciation	(519,992)	(234,352)	(754,344)
	1,470,277	443,791	1,914,068
Construction in process	74,078	56,812	130,890
	\$ 1,544,355	\$ 500,603	\$ 2,044,958

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

6. DEBT:

Debt consists of the following:

	December 31,	
	2021	2020
Note payable with Feeding Children International which requires monthly installments of principal and interest of \$6,459 through August 2028 with an interest rate of 1.78%.	\$ 486,877	\$ -
Note payable with TSF (see Note 11) which requires monthly installments of principal and interest of \$3,424 through May 2049. Note has tiered interest rate based upon outstanding balance. Interest rate at December 31, 2021 and 2020, is 7.25%. The note is secured by a building.	485,189	492,471
Note payable with TSF (see Note 11) which requires monthly installments of principal and interest of \$1,166 through June 2026. Interest rate is 6.85%. The note is secured by a building.	176,825	-
Revolving line of credit with TSF (see Note 11), with a maximum borrowing capacity of \$380,000. Monthly interest only payments are calculated at the annual rate of 7.75% on the outstanding balance, which matures March 2023.	378,989	380,000
Revolving line of credit with TSF (see Note 11), with a maximum borrowing capacity of \$190,000. Monthly interest only payments are calculated at the annual rate of 7.75% on the outstanding balance, which matures November 2028.	190,000	-
Financing agreement with a company requiring monthly installments of principal and interest of \$1,830 through July 2023. Interest rate is 2%. Secured by laptops and docking stations.	36,029	60,999
Financing agreement with a company requiring monthly installments of principal and interest of \$737 through July 2025. Interest rate is 1.5%. Secured by a vehicle.	31,123	-
Financing agreement with a company requiring monthly installments of principal and interest of \$603 through September 2025. Interest rate is 4%. Secured by a vehicle.	25,096	31,163

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

6. DEBT, continued:

	December 31,	
	2021	2020
Financing agreement with a company requiring monthly installments of principal and interest of \$649 through July 2025. Interest rate is 2%. Secured by a copier.	26,877	28,392
Note payable to the landlord for tenant improvements. Monthly installments of principal of \$702 through June 2022, 0% interest.	4,212	12,636
Financing agreement with a company requiring monthly installments of principal and interest of \$537 through July 2022. Interest rate is 7.74%. Secured by a vehicle.	3,153	9,106
Note payable with TSF (see Note 11) which requires monthly installments of principal and interest of \$1,194 through July 2047. Interest rate is 6.85%. The note is secured by a building. The note was refinanced during the year ended December 31, 2021.	-	172,524
Capital lease agreement with a company requiring monthly installment payments of \$239 through December 2022. Secured by equipment.	3,107	5,975
Financing agreement with a company requiring monthly installments of principal and interest of \$317 through August 2021. Interest rate is 7.35%. Secured by a vehicle.	-	2,168
Financing agreement with a company requiring monthly installments of principal and interest of \$302 through July 2021. Interest rate is 7.36%. Secured by a vehicle.	-	1,771
	1,847,477	1,197,205
Less net unamortized debt issuance costs	(10,903)	(9,436)
	\$ 1,836,574	\$ 1,187,769

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

6. DEBT, continued:

Future estimated maturities of debt are as follows:

Year Ending December 31,	
2022	\$ 131,905
2023	494,225
2024	104,003
2025	98,560
2026	250,524
Thereafter	768,260
	\$ 1,847,477

7. NET ASSETS:

Net assets consist of:

	December 31,	
	2021	2020
Net assets without donor restrictions consist of:		
Undesignated	\$ (212,363)	\$ 87,197
Board designated for Legacy Fund	40,200	40,200
	\$ (172,163)	\$ 127,397
Net assets with donor restrictions consist of:		
Food and nutrition	\$ 485,859	\$ -
Homes for Haiti	205,271	225,737
Time restrictions	178,522	152,509
Legacy fund	125,000	125,000
Surgery center	78,584	78,585
Solar panels	71,180	66,207
Gifts to children and mission trips	47,750	2,422
Other programs	37,976	90,793
Disaster relief	-	67,756
Benevolence	36,726	48,047
BeFriend	-	17,721
Micro-finance program	-	10,040
	\$ 1,266,868	\$ 884,817

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

8. OPERATING LEASES:

The Organization holds noncancelable operating leases through May 2032 for building rent and office equipment. Lease expenses for the years ended December 31, 2021 and 2020, was approximately \$234,000 and \$249,000, respectively. Minimum base lease payments for future years are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 250,391
2023	224,969
2024	212,582
2025	195,525
2026	141,034
Thereafter	<u>423,984</u>
	<u><u>\$ 1,448,485</u></u>

9. GIFTS-IN-KIND:

The Organization receives donations of medicine and supplies for use in relief and development programs. The Organization ships all such gifts-in-kind to their project sites throughout the world. In accordance with Interagency Standards established by the Accord Network, Lifeline Christian Mission only records the value of gifts-in-kind for which it receives and exercises variance power, which is at the discretion to distribute or redistribute the commodity without the donor's prior consent in accordance with its mission and purpose.

The Organization received gift-in-kind donations totaling the following for the years ended December 31, 2021 and 2020:

	<u>Year Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Meals and food	\$ 702,521	\$ 572,661
Ministry supplies	179,231	142,415
Medical supplies	40,130	197,387
Sponsor gifts and other	<u>9,982</u>	<u>15,817</u>
	<u><u>\$ 931,864</u></u>	<u><u>\$ 928,280</u></u>

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

10. RETIREMENT PLAN:

The Organization offers a defined contribution retirement plan through The Solomon Foundation (see Note 11). The plan provides benefits to all participating employees and contributions are immediately vested. The Organization makes contributions based on the participants' compensation. The rate of contribution was 0.5 percent of the participants' compensation as well as a match of up to 1.5 percent. The Organization's contribution was \$40,833 and \$31,011, for the years ended December 31, 2021 and 2020, respectively.

11. RELATED PARTY TRANSACTIONS:

The President of TSF is on the board of the Organization. The Organization had assets consisting of cash equivalents of \$72,908 and \$117,938, a time certificate of \$25,500 and \$135,500, and a beneficial interest in assets of \$110,000 and \$0, on deposit at TSF as of December 31, 2021 and 2020, respectively. The Organization had notes payable and two lines of credit totaling \$1,231,003 and \$1,044,995 (see Note 6), as of December 31, 2021 and 2020, respectively. Additionally, the Organization made contributions to a retirement plan administered by TSF for \$40,833 and \$31,101, (see Note 10), as of December 31, 2021 and 2020, respectively.

The Organization sent grants, including food and supplies, to nonprofit affiliates of approximately \$1,443,000 and \$1,482,000, and received approximately \$7,000 and \$11,000 in support from the affiliated organizations during the years ended December 31, 2021 and 2020, all respectively. The President of the Organization is also the President of the affiliated nonprofits.

The Organization's board members contributed approximately \$55,000 and \$32,000, during the years ended December 31, 2021 and 2020, respectively.

12. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

13. PRIOR PERIOD RESTATEMENTS:

During the year ended December 31, 2021, management applied for the ERC due to suspension of services during the years ended December 31, 2021 and 2020 related to the COVID-19 pandemic. Because the ERC related to expenses incurred during the year ended December 31, 2020, the applicable portion has been recorded in that year, resulting in a prior period restatement. Management also determined that certain assets and liabilities of the Organization's affiliates were not properly stated given their nonconsolidated status. Management also determined that Lifeline Christian Mission Foundation-Honduras should have been considered a consolidated entity as of December 31, 2019. These adjustments resulted in a prior period adjustment to the Organization's net assets as of December 31, 2019, the activities during the year ended December 31, 2020, and the assets, liabilities, and net assets as of December 31, 2020.

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

13. PRIOR PERIOD RESTATEMENTS, continued:

The impact of these restatements on the 2020 consolidated financial statements is as follows:

	As Previously Stated	Prior Period Restatement	As Restated
Consolidated statements of financial position			
as of December 31, 2020:			
Cash and cash equivalents	\$ 639,606	\$ 58,619	\$ 698,225
Employee Retention Credit receivable	\$ -	\$ 148,635	\$ 148,635
Prepays and other assets	\$ 44,558	\$ 1,368	\$ 45,926
Inventory	\$ 400,559	\$ (253,090)	\$ 147,469
Property and equipment-net	\$ 3,765,559	\$ (1,720,601)	\$ 2,044,958
Total assets	\$ 5,138,291	\$ (1,765,069)	\$ 3,373,222
Accounts payable	\$ 236,435	\$ 44,748	\$ 281,183
Total liabilities	\$ 2,316,260	\$ 44,748	\$ 2,361,008
Net assets without donor restrictions	\$ 1,925,187	\$ (1,797,790)	\$ 127,397
Net assets with donor restrictions	\$ 896,844	\$ (12,027)	\$ 884,817
Total net assets	\$ 2,822,031	\$ (1,809,817)	\$ 1,012,214
Consolidated statements of activities			
as of December 31, 2020:			
Support and revenue:			
Contributions without donor restrictions	\$ 6,481,393	\$ 171,632	\$ 6,653,025
Contributions with donor restrictions	\$ 200,605	\$ (12,027)	\$ 188,578
Employee Retention Credit income	\$ -	\$ 148,635	\$ 148,635
Total support and revenue	\$ 7,867,785	\$ 1,061,054	\$ 8,928,839
Satisfaction of purpose restrictions	\$ 116,000	\$ 52,134	\$ 168,134
Expenses:			
Program services	\$ 6,435,216	\$ 255,562	\$ 6,690,778
Management and general	\$ 951,342	\$ 72,053	\$ 1,023,395
Fundraising	\$ 229,476	\$ 47,591	\$ 277,067
Total expenses	\$ 7,616,034	\$ 375,206	\$ 7,991,240
Change in net assets without donor restrictions	\$ 219,260	\$ (40,744)	\$ 178,516
Change in net assets with donor restrictions	\$ 32,471	\$ (12,027)	\$ 20,444
Total change in net assets	\$ 251,731	\$ (52,771)	\$ 198,960
Net assets without donor restrictions, beginning of year	\$ 1,673,456	\$ (1,724,575)	\$ (51,119)
Net assets with donor restrictions, beginning of year	\$ 896,844	\$ (32,471)	\$ 864,373
Net assets without donor restrictions, end of year	\$ 1,925,187	\$ (1,797,790)	\$ 127,397
Net assets with donor restrictions, end of year	\$ 896,844	\$ (12,027)	\$ 884,817

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2021 and 2020 (Restated)

14. SUBSEQUENT EVENTS:

On May 27, 2022, the Organization received notice of the second round of PPP loan forgiveness from the SBA, forgiving its PPP loan in its entirety.

Subsequent to December 31, 2021, the Organization received forgiveness of outstanding accrued expenses of approximately \$617,000.

Subsequent events have been evaluated through November 1, 2022, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
Lifeline Christian Mission and Affiliate
Westerville, Ohio

We have audited the consolidated financial statements of Lifeline Christian Mission and Affiliate as of and for the years ended December 31, 2021 and 2020 and our report thereon dated November 1, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1-2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities is presented for purposes of additional analysis of the consolidated financial statements rather than to present the consolidated financial position and results of operations of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Colorado Springs, Colorado
November 1, 2022

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Consolidating Statement of Financial Position

December 31, 2021

	Lifeline Christian Mission	Lifeline Christian Mission Foundation Honduras	Eliminations	Total
ASSETS:				
Cash and cash equivalents	\$ 636,758	\$ 35,302	\$ -	\$ 672,060
Investments	25,500	-	-	25,500
Contributions receivable	178,522	-	-	178,522
Employee Retention Credit receivable	375,101	-	-	375,101
Prepaid expenses and other assets	30,418	-	-	30,418
Inventory	460,092	-	-	460,092
Beneficial interest in assets	110,000	-	-	110,000
Property and equipment–net	1,566,678	593,285	-	2,159,963
Total Assets	\$ 3,383,069	\$ 628,587	\$ -	\$ 4,011,656
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable	\$ 316,848	\$ 47,542	(35,728)	\$ 328,662
Accrued expenses	652,994	31,983	-	684,977
Deferred revenue	66,738	-	-	66,738
Debt–net of debt issuance costs	1,836,574	-	-	1,836,574
Total liabilities	2,873,154	79,525	(35,728)	2,916,951
Net assets:				
Without donor restrictions	(756,953)	549,062	35,728	(172,163)
With donor restrictions	1,266,868	-	-	1,266,868
Total net assets	509,915	549,062	35,728	1,094,705
Total Liabilities and Net Assets	\$ 3,383,069	\$ 628,587	\$ -	\$ 4,011,656

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Consolidating Statement of Financial Position

December 31, 2020 (Restated)

	Lifeline Christian Mission	Lifeline Christian Mission Foundation Honduras	Eliminations	Total
ASSETS:				
Cash and cash equivalents	\$ 639,606	\$ 58,619	\$ -	\$ 698,225
Investments	135,500	-	-	135,500
Contributions receivable	152,509	-	-	152,509
Employee Retention Credit receivable	148,635	-	-	148,635
Prepaid expenses and other assets	44,558	1,368	-	45,926
Inventory	147,469	-	-	147,469
Beneficial interest in assets	-	-	-	-
Property and equipment–net	1,544,355	500,603	-	2,044,958
Total Assets	\$ 2,812,632	\$ 560,590	\$ -	\$ 3,373,222
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable	\$ 236,435	54,600	(9,852)	281,183
Accrued expenses	849,853	-	-	849,853
Deferred revenue	42,203	-	-	42,203
Debt–net of debt issuance costs	1,187,769	-	-	1,187,769
Total liabilities	2,316,260	54,600	(9,852)	2,361,008
Net assets:				
Without donor restrictions	(388,445)	505,990	9,852	127,397
With donor restrictions	884,817	-	-	884,817
Total net assets	496,372	505,990	9,852	1,012,214
Total Liabilities and Net Assets	\$ 2,812,632	\$ 560,590	\$ -	\$ 3,373,222

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Consolidating Statement of Activities

For the Year Ended December 31, 2021

	Lifeline Christian Mission	Lifeline Christian Mission Foundation Honduras	Eliminations	Total
SUPPORT AND REVENUE:				
Contributions	\$ 7,398,254	\$ 991,456	\$ (979,248)	\$ 7,410,462
Gifts-in-kind	931,864	-		931,864
School revenue	228,641	-		228,641
Employee Retention Credit income	226,466	-		226,466
Other income	102,750	28,656		131,406
Total Support and Revenue	<u>8,887,975</u>	<u>1,020,112</u>	<u>(979,248)</u>	<u>8,928,839</u>
EXPENSES:				
Program services	7,554,104	848,299	(1,005,124)	7,397,279
	<u>7,554,104</u>	<u>848,299</u>	<u>(1,005,124)</u>	<u>7,397,279</u>
Supporting activities				
General and administrative	1,068,472	75,239		1,143,711
Fundraising	251,856	53,502		305,358
	<u>1,320,328</u>	<u>128,741</u>	<u>-</u>	<u>1,449,069</u>
Total Expenses	<u>8,874,432</u>	<u>977,040</u>	<u>(1,005,124)</u>	<u>8,846,348</u>
Change in Net Assets	13,543	43,072	25,876	82,491
Net Assets, Beginning of Year	<u>496,372</u>	<u>505,990</u>	<u>9,852</u>	<u>1,012,214</u>
Net Assets, End of Year	<u>\$ 509,915</u>	<u>\$ 549,062</u>	<u>\$ 35,728</u>	<u>\$ 1,094,705</u>

LIFELINE CHRISTIAN MISSION AND AFFILIATE

Consolidating Statement of Activities

For the Year Ended December 31, 2020 (Restated)

	Lifeline Christian Mission	Lifeline Christian Mission Foundation Honduras	Eliminations	Total
SUPPORT AND REVENUE:				
Contributions	\$ 6,681,998	\$ 869,748	\$ (710,143)	\$ 6,841,603
Gifts-in-kind	928,280	-	-	928,280
School revenue	219,569	-	-	219,569
Employee Retention Credit income	148,635	-	-	148,635
Other income	37,918	14,195	-	52,113
Total Support and Revenue	<u>8,016,400</u>	<u>883,943</u>	<u>(710,143)</u>	<u>8,190,200</u>
EXPENSES:				
Program services	6,674,621	736,152	(719,995)	6,690,778
	<u>6,674,621</u>	<u>736,152</u>	<u>(719,995)</u>	<u>6,690,778</u>
Supporting activities				
General and administrative	957,577	65,818	-	1,023,395
Fundraising	229,475	47,592	-	277,067
	<u>1,187,052</u>	<u>113,410</u>	<u>-</u>	<u>1,300,462</u>
Total Expenses	<u>7,861,673</u>	<u>849,562</u>	<u>(719,995)</u>	<u>7,991,240</u>
Change in Net Assets	154,727	34,381	9,852	198,960
Net Assets, Beginning of Year, as previously stated	2,570,300	-	-	2,570,300
Prior Period Adjustments	<u>(2,228,655)</u>	<u>471,609</u>	<u>-</u>	<u>(1,757,046)</u>
Net Assets, Beginning of Year, as restated	<u>341,645</u>	<u>471,609</u>	<u>-</u>	<u>813,254</u>
Net Assets, End of Year	<u>\$ 496,372</u>	<u>\$ 505,990</u>	<u>\$ 9,852</u>	<u>\$ 1,012,214</u>