

FULAA LIFELINE INTERNATIONAL

**FINANCIAL STATEMENTS and
INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

Years Ended December 31, 2022 and 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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Independent Accountant's Review Report

To the Board of Directors
FULAA Lifeline International
Annandale, VA

I have reviewed the accompanying financial statements of FULAA Lifeline International (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of FULAA Lifeline International and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my reviews.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Alan M. Lane, CPA
Craig, CO
February 4, 2023

FULAA LIFELINE INTERNATIONAL
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS:		
Cash and Cash Equivalents	\$ 149,923	\$ 223,981
Investments	502	2,496
Other Current Assets		
Fixed Assets (net)	505,557	419,988
Total Assets	\$ 655,982	\$ 646,465
 LIABILITIES AND NET ASSETS:		
Liabilities		
Accounts Payable & Accrued Expenses	\$ 17,053	\$ 789
Total Liabilities	17,053	789
 Net assets:		
Without Donor Restrictions	637,096	594,761
With Donor Restrictions	1,833	50,915
Total Net Assets	638,929	645,676
 Total Liabilities and Net Assets	\$ 655,982	\$ 646,465

See accompanying notes and independent accountant's review report

FULAA LIFELINE INTERNATIONAL
Statements of Activities
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 171,802	\$ 102,250	\$ 274,052	\$ 195,907	\$ 73,342	\$ 269,249
In-Kind Donations	283		283	6,599		6,599
Interest and Dividends	29		29	4		4
Other Income	444		444	1,781		1,781
Net Assets released from restrictions and designations	151,332	(151,332)	0	83,824	(83,824)	0
Total Support and Revenue	323,890	(49,082)	274,808	288,115	(10,482)	277,633
EXPENSES:						
Program Services	247,742		247,742	226,648		226,648
Supporting Services						
General & Administrative	24,760		24,760	20,191		20,191
Fundraising	9,053		9,053	9,282		9,282
Total Supporting Services	33,813		33,813	29,473		29,473
Total Expenses	281,555		281,555	256,121		256,121
CHANGE IN NET ASSETS	42,335	(49,082)	(6,747)	31,994	(10,482)	21,512
BEGINNING NET ASSETS	594,761	50,915	645,676	562,767	61,397	624,164
ENDING NET ASSETS	\$ 637,096	\$ 1,833	\$ 638,929	\$ 594,761	\$ 50,915	\$ 645,676

See accompanying notes and independent accountant's review report

FULAA LIFELINE INTERNATIONAL
Statements of Functional Expenses
Years Ended December 31, 2022 and 2021

EXPENSES	2022				2021			
	Program	General & Administrative	Fundraising	Total	Program	General & Administrative	Fundraising	Total
	Africa							
Care of Children	\$ 140,684	\$	\$	\$ 140,684	\$ 101,770	\$	\$	\$ 101,770
Cornerstone School	25,002			25,002	25,074			25,074
Depreciation	24,169			24,169	21,889			21,889
Ministry	6,305	8,505		14,810	9,130	2,176		11,306
Travel	7,409			7,409	5,722			5,722
Ministry and Other Grants	3,500			3,500	14,800			14,800
Building Maintenance	9,911			9,911	7,644			7,644
Medical Clinic	5,507			5,507	10,090			10,090
Farm	12,098			12,098	16,515			16,515
Total Expenses - Africa	234,585	8,505		243,090	212,634	2,176		214,810
United States								
Salaries	9,640	9,640	4,820	24,100	9,640	9,640	4,820	24,100
Payroll Taxes	738	738	368	1,844	814	814	407	2,035
Payroll Processing Fees	556	556	279	1,391	556	556	279	1,391
Overhead	1,155	4,253	1,327	6,735	1,517	5,518	1,526	8,561
Telecommunications	1,068	1,068	533	2,669	1,487	1,487	743	3,717
Outreach			1,726	1,726			1,507	1,507
Total Expenses - United States	13,157	16,255	9,053	38,465	14,014	18,015	9,282	41,311
Total Expenses	\$ 247,742	\$ 24,760	\$ 9,053	\$ 281,555	\$ 226,648	\$ 20,191	\$ 9,282	\$ 256,121

See accompanying notes and independent accountant's review report

FULAA LIFELINE INTERNATIONAL
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (6,747)	\$ 21,512
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	24,169	21,889
Decrease (Increase) in Current Assets		10
Increase (Decrease) in Accounts Payable and Accrued Expenses	16,264	460
NET CASH PROVIDED BY OPERATING ACTIVITIES	33,686	43,871
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in Investments, net	1,994	(2,496)
Purchases of fixed assets	(109,738)	(31,523)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(107,744)	(34,019)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(74,058)	9,852
BEGINNING CASH AND CASH EQUIVALENTS	223,981	214,129
ENDING CASH AND CASH EQUIVALENTS	\$ 149,923	\$ 223,981
Interest Paid	3,300	

See accompanying notes and independent accountant's review report

FULAA LIFELINE INTERNATIONAL

Notes to the Financial Statements

Years Ended December 31, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies

Organization and Programs

FULAA Lifeline International (FULAA) was organized in 1998 as a nonprofit corporation in the State of Virginia. Rev. Samuel Juma and his wife launched FULAA to meet the needs of the suffering, displaced people of South Sudan. For decades, South Sudan has been ravaged by two civil wars, the latest of which resulted in more than two million deaths and millions more displaced. Since 1998, FULAA has been serving alongside churches to bring the compassion of Jesus Christ to people in great need.

Pastor Juma serves as the Executive Director and the Board of Directors governs the organization. In March 2022, the board approved the appointment of Mr. Stephen Nye as the new board chairman. Mr. Nye replaced the outgoing chairman, Rev. Bill Kynes, who had served FULAA for twenty years.

Currently, FULAA is located in a town outside Adjumani, Uganda. Working closely with a church there, FULAA sponsors the Cornerstone Children's Home, an orphanage for 58 children as well as a medical clinic. In addition, there is a school on the compound for 410 students that is run independently. FULAA provides some supervision and financial support to the school. Also, FULAA provides a limited number of individual scholarships for primary, secondary and post-secondary education. During 2020 FULAA began an agricultural project on 20 acres of land located an hour from the compound. The goal of the project has been to complement the nutrition and education of the children that FULAA supports.

FULAA's original home is located in Nimule, South Sudan. In 2016, the children in Nimule had to be evacuated to Uganda because of the brutal civil war. FULAA continues to maintain the property in Nimule which is used by South Sudanese families and a church.

FULAA works directly with the people it serves without the overhead of a large and complex organization. FULAA is a 501(c)(3) organization and is an accredited member of the Evangelical Council for Financial Accountability.

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting. In addition, the financial statement presentation follows the requirements of the *Financial Accounting Standards Board Accounting Standards Codification (FASB ASC)*, which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

FULAA LIFELINE INTERNATIONAL
Notes to the Financial Statements
Years Ended December 31, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Net Assets Without Donor Restrictions

Net assets without donor restrictions are neither perpetually nor temporarily restricted by donor-imposed stipulations and include revenue from fees, certain investment income, and all gifts, grants, and contributions that are free of donor restrictions. These amounts are currently available at the discretion of the Organization's Board for use in its operations.

Net Assets with Donor Restrictions

Net assets with donor restrictions account for unspent contributions that are restricted by the donor to use for specific purposes or during specific time periods.

Revenues and Expenses

Contributions without donor restrictions are recognized as income when cash or ownership of donated assets is unconditionally promised to the Organization. Contributions with donor restrictions are recognized as income in the statement of activities when cash or the ownership of assets is unconditionally promised to the Organization, and they are subsequently released to net assets without donor restrictions when conditions have occurred in satisfaction of those designations. Other income is recognized when earned. Expenses are recognized when incurred in accordance with the accrual basis of accounting.

Cash

Highly liquid investments with initial maturities of three months or less are considered to be cash equivalents. The Organization's cash and cash equivalents are on deposit with major domestic financial institutions. Accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2022 and 2021, the FDIC insurance coverage for bank deposits is up to \$250,000 per account holder. Cash equivalents, other securities, and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investment.

FULAA LIFELINE INTERNATIONAL
Notes to the Financial Statements
Years Ended December 31, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost net of depreciation, which is computed using the straight-line method over the estimated useful service life of the assets. Additions and betterments of \$1,000 or more are capitalized, while repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed currently.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support increasing net assets without donor restrictions unless the donor has restricted the donated assets for a specific purpose or period of time. Assets with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations 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 as instructed by the donor. The Organization decreases net assets with donor restrictions and increases net assets without donor restrictions at that time (net assets released from restrictions).

Donated Other Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

Donated Services

No amounts have been reflected in the financial statements for donated services as the criteria for recognition has not been met under FASB ASC. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific ministry programs, campaign solicitations, and various committee assignments.

FULAA LIFELINE INTERNATIONAL
Notes to the Financial Statements
Years Ended December 31, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocated expenses include salaries, payroll taxes & processing fees, certain office expenses, IT, and telecommunications. Those expenses were allocated based on management's estimate of time and effort. Nearly all expenses incurred in Africa were classified as program expenses, while certain other expenses that could be identified with a specific area were allocated directly.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates.

Subsequent Events

Management has evaluated all subsequent events and transactions through February 4, 2023, the date the financial statements were available to be issued.

New Projects

During 2021, the organization began a campaign to build a boys' dormitory on the compound in Adjumani, Uganda. The campaign included reaching out to current donors and potential partners as well as obtaining quotes for the construction of the building. Construction was completed in 2022 at a total cost of \$104,448.

FULAA LIFELINE INTERNATIONAL
Notes to the Financial Statements
Years Ended December 31, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Investment return/(loss) is reported net in the statements of activities and consists of realized and unrealized gains and losses, less external and direct internal investment expenses. Interest and dividends and investment return are reflected in the statements of activities as income without donor restrictions or income with donor restrictions based upon the existence and nature of any donor restrictions. Interest and dividends and investment return that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the interest and dividends and investment return are recognized. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date. **Fair value** is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). NOE International, Inc. groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets in active markets as of the measurement date.

FULAA LIFELINE INTERNATIONAL
Notes to the Financial Statements
Years Ended December 31, 2022 and 2021

Investments (continued)

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in non-active markets
- Inputs other than quoted prices that are observable for the asset; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Note 2 - Income Tax Status

The Organization is classified as a Section 501(c)(3) Organization under the Internal Revenue Code of 1986. However, income from certain activities not directly related to the Organization's tax exemption purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A)(vi) and has been classified as a publicly supported organization. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that, more likely than not, would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) for disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any open tax periods.

FULAA LIFELINE INTERNATIONAL
Notes to the Financial Statements
Years Ended December 31, 2022 and 2021

Note 3 - Concentration of Risk

Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of contributions receivable. The Organization does not recognize or record contributions receivable based on pledges received or any other basis. Contributions are generally recognized and recorded when the contribution is received. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization invests with financial institutions of sound reputation and evaluates credit risk on an ongoing basis. The Organization has not experienced any losses in such accounts.

Note 4 - Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the Statement of Financial Position date, December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date.

<u>Financial Assets</u>	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cash & Cash Equivalents	\$ 149,923	\$ 223,981
Less assets unavailable for general expenditures because of donor-imposed restrictions:	(1,833)	(50,915)
Financial Assets Available for General Expenditures	\$ <u>148,090</u>	\$ <u>173,066</u>

FULAA LIFELINE INTERNATIONAL
Notes to the Financial Statements
Years Ended December 31, 2022 and 2021

Note 5 - Fixed Assets

Expenditures for equipment are capitalized at cost. Donated assets are capitalized at their fair market value on the date of the gift if such value is readily ascertainable. Expenditures for repairs and maintenance are charged to expense. It is the Organization's policy to carry capitalized items at cost, with depreciation provided on a straight-line basis over the estimated useful lives of the assets.

Fixed Assets at December 31, 2022 and 2021, consisted of the following:

	December 31,	
	2022	2021
Nimule Buildings	\$ 328,915	\$ 328,915
Nimule Land	40,000	40,000
Adjumani Buildings	270,342	161,590
Adjumani Land	20,879	20,879
Furniture and Equipment	35,550	34,564
Less Accumulated Depreciation	<u>(190,129)</u>	<u>(165,960)</u>
Net Fixed Assets	<u>\$ 505,557</u>	<u>\$ 419,988</u>

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions include donor-restricted funds which are only available for program activities or general support designated for future years. Details of individual funds are listed below.

	December 31,	
	2022	2021
Boy's Dormitory in Uganda	\$ 928	\$ 44,175
Medical Clinic / Medical Treatment	605	805
Fencing		1,000
Emergency Fund		250
Church Plant	300	300
Esther Project		470
EF Church Windows / Doors		3,500
Container		415
Total Net Assets with Donor Restrictions	<u>\$ 1,833</u>	<u>\$ 50,915</u>

FULAA LIFELINE INTERNATIONAL
Notes to the Financial Statements
Years Ended December 31, 2022 and 2021

Note 7 - Net Assets Released from Donor Restrictions

Net assets with donor restrictions are released to net assets without donor restrictions when conditions have occurred in satisfaction of those designations. During the years ended December 31, 2022 and 2021, the following net assets were released from donor restrictions:

	December 31,	
	2022	2021
Women's Micro Finance	\$	\$ 1,177
Fall Festival Hygiene		500
Fall Festival Christmas Gifts	2,571	1,452
Solar Panel		2,826
Latrine Drainage		2,400
Teacher Salaries, Classroom Supplies, Education	25,415	25,000
Medical Clinic	200	4,085
Special Meal		500
Africa Travel Expense	1,000	
EFC Cycles		400
EF Church Roof		8,800
EF Church Windows, Door, Other	3,500	
Esther's Projects	5,670	7,530
Benevolence	250	
Girls' Dormitory in Uganda and Cross	3,691	
Boys' Dormitory in Uganda and Related Expenses	107,620	
Farm Projects and Vehicle		18,473
Container	415	2,585
Fencing	1,000	
Children's Mattresses		3,580
Gate		722
Storage Building		794
Engineering		3,000
Total Net Assets Released From Donor Restrictions	\$ <u>151,332</u>	\$ <u>83,824</u>

FULAA LIFELINE INTERNATIONAL
Notes to the Financial Statements
Years Ended December 31, 2022 and 2021

Note 8 – Leases

There were no operating or capital leases during the years ended December 31, 2022 or 2021.

Note 9 – Investments

The Organization’s investments are recorded at fair market value and have been categorized on the fair market value hierarchy mentioned in Note 1. Investments at December 31, 2022 and 2021 are as follows:

	December 31,	
	2022	2021
Certificate of Deposit		
bearing 0.03% interest; matures 12/22/2021		2,000
Government Money Market Account	502	496
Total Investments	502	2,496

All investments are Level 1.

Note 10 – Government Audit

In February 2022, the National Social Security Fund (NSSF) of the government of Uganda conducted a comprehensive financial audit covering a period from January 2019 to January 2022. On April 14, 2022, the organization agreed to owing contributions in arrears of UGX 62,466,148 (at the time approximately USD \$17,797). In addition, the organization agreed to owing interest of UGX 11,582,296 (approximately USD \$3,300) and penalties of UGX 12,455,527 (approximately USD \$3,549). The total amount is payable in installments, as follows:

Due Date	UGX	USD at 4/14/22	Payment Status at 12/31/22	USD at 12/31/22
5/16/22	15,001,219	\$4,274	Paid	
9/15/22	15,006,328	4,275	Paid	
1/15/23	15,037,498	4,284	Unpaid	\$4,045
5/15/23	15,040,650	4,285	Unpaid	4,050
9/15/23	13,962,750	3,978	Unpaid	3,759
12/15/23	12,455,526	3,549	Unpaid	3,354
	86,503,971	\$24,646		\$15,208