

FULAA LIFELINE INTERNATIONAL

FINANCIAL STATEMENTS

DECEMBER 31, 2017



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees
FULAA Lifeline International
Washington, DC

We have reviewed the accompanying financial statements of FULAA Lifeline International which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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 taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for 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.

Accountants' Responsibility

Our 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 AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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

Jones & McIntyre, PLLC

July 16, 2018

FULAA LIFELINE INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS:

Cash	\$ 86,379
Investments	11,887
Total Current Assets	<u>\$ 98,266</u>

PROPERTY AND EQUIPMENT, at cost:

Nimule land	\$ 40,000
Nimule buildings & improvements	328,916
Adjumani land	14,462
Adjumani buildings and improvements	56,840
Furniture & equipment	28,671
	<u>\$ 468,889</u>
Less, accumulated depreciation	(105,778)
Property and Equipment, Net	<u>\$ 363,111</u>
TOTAL ASSETS	<u><u>\$ 461,377</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 2,629
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UNRESTRICTED NET ASSETS

458,748

TOTAL LIABILITIES AND NET ASSETS

\$ 461,377

See independent accountants' review report.

FULAA LIFELINE INTERNATIONAL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

PUBLIC SUPPORT AND REVENUE

Contributions	\$ 287,124
In-kind donations	16,000
Investment income	<u>2,579</u>

Total Support and Revenue	<u>\$ 305,703</u>
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EXPENSES

Program services	\$ 211,582
Management & general	20,735
Fundraising	<u>25,123</u>

Total Expenses	<u>\$ 257,439</u>
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CHANGE IN NET ASSETS	\$ 48,264
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UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>410,484</u>
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UNRESTRICTED NET ASSETS, END OF YEAR	<u><u>\$ 458,748</u></u>
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See independent accountants' review report.

FULAA LIFELINE INTERNATIONAL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Management & General	Fundraising	Total
African Expenses:				
Care of children	\$ 117,700	\$ -	\$ -	\$ 117,700
Building maintenance	18,075			18,075
Ministry	16,749			16,749
Depreciation	15,696			15,696
Cornerstone school	13,068			13,068
Travel	13,049			13,049
Medical clinic	4,545			4,545
Total African Expenses	<u>\$ 198,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,882</u>
US Expenses:				
Salaries	\$ 7,882	\$ 11,822	\$ 19,704	\$ 39,408
Payroll taxes	603	905	1,508	3,015
Overhead		5,302		5,302
Outreach	2,650	359		3,009
Telecommunications	1,565	2,347	3,911	7,823
Total US Expenses	<u>\$ 12,700</u>	<u>\$ 20,735</u>	<u>\$ 25,123</u>	<u>\$ 58,557</u>
Total Functional Expenses	<u>\$ 211,582</u>	<u>\$ 20,735</u>	<u>\$ 25,123</u>	<u>\$ 257,439</u>

See independent accountants' review report.

FULAA LIFELINE INTERNATIONAL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	48,264
Adjustments to Reconcile Change in Net Assets to		
Net Cash From Operating Activities:		
In-kind donations of fixed assets		(16,000)
Depreciation		15,696
Unrealized gains on investments		(2,569)
Changes in Assets and Liabilities:		
Employee advances		2,900
Accounts payable		<u>2,271</u>
Net Cash From Operating Activities	\$	50,562

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	<u>(30,223)</u>
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NET INCREASE IN CASH	\$	20,339
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CASH, BEGINNING OF YEAR		<u>66,040</u>
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CASH, END OF YEAR	\$	<u><u>86,379</u></u>
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See independent accountants' review report.

FULAA LIFELINE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(See Independent Accountants' Review Report)

Note 1. Summary of Significant Accounting Policies

Organization and Programs:

FULAA Lifeline International (FULAA) was organized in 1998 as a not-for-profit organization in the State of Virginia. FULAA is a Christian ministry of compassion to the suffering people of South Sudan. For the last fifty years, South Sudan has been ravaged by two civil wars, the latest of which resulted in more than two million deaths with millions more displaced. FULAA is working alongside churches there to bring the compassion of Jesus Christ to people in great need.

Currently, FULAA is located in a town outside Adjumani, Uganda. Working closely with a church there, FULAA sponsors an orphanage with more than 60 children in residence, and a medical clinic. There is also a school with over 200 students on the compound that is run independently. FULAA provides some financial support and supervision to the school. 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.

Basis of Accounting:

FULAA maintains its records on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Cash:

For purposes of the statement of cash flows, FULAA considers time deposits, certificates of deposit, and all highly liquid investments with original maturities of three months or less to be cash.

Income Recognition:

Contributions are recognized when the donor makes a promise to FULAA that is, in substance, unconditional. All donor-restricted revenue is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as unrestricted net assets if the restrictions are met in the same period the donation is made.

Functional Allocation of Expenses:

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

FULAA LIFELINE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(See Independent Accountants' Review Report)

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment:

Property and equipment (including major renewals, replacements and betterments), acquired at a cost of \$1,000 or more, are capitalized and stated at cost. Expenditures for ordinary maintenance and repair items are charged to operations as incurred. Upon the sale or other disposition of property, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the change in net assets. Depreciation is provided for under the straight-line method. Asset useful lives are five to thirty years.

Fair Value of Financial Instruments:

Accounting principles generally accepted in the United States established a framework for measuring fair value, clarifying the definition of fair value within that framework and expanding disclosure about fair value measurements. U.S. GAAP established a three-tiered fair value hierarchy with Level 1 representing quoted prices for identical assets or liabilities in an active market, Level 2 representing quoted prices for identical assets or liabilities in a market that is non-active or with other than directly or indirectly observable inputs and Level 3 representing estimated values based on unobservable inputs. Related disclosures are segregated for assets and liabilities measured at fair value based on the level used within the hierarchy to determine their fair values. The carrying amounts for cash and cash equivalents, prepaid expenses and accrued liabilities approximate fair value because of the short maturity of these instruments.

Income Tax Status:

FULAA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization; therefore, no provision for income taxes has been reflected in the financial statements. FULAA has not engaged in any unrelated business income activities.

FULAA believes that it has appropriate support for any income tax positions taken, and, as such, does not have any uncertain income tax positions that are material to the financial statements. FULAA's income tax returns are generally subject to examination by the Internal Revenue Service and other state and local taxing authorities for three years after they were filed.

FULAA LIFELINE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(See Independent Accountants' Review Report)

Note 1. Summary of Significant Accounting Policies (Concluded)

Investments:

Investments in equity, mutual funds, debt securities, and preferred stock with readily determinable fair value are reported in the statement of financial position at fair value using Level 1 valuation methodology. Interest, dividends and realized gains or losses are recorded when earned or sustained. Fluctuations in the market value of the portfolio are recorded as unrealized gains or losses in the accompanying statements of activities. FULAA invests in various investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Classes of Assets:

To ensure the observance of limitations and restrictions placed on the use of resources available to FULAA, resources for various purposes are classified for accounting purposes into classes established according to their nature and purpose. The net assets of FULAA are divided into three classes: unrestricted, temporarily restricted and permanently restricted. At December 31, 2017, FULAA only had unrestricted net assets.

Use of Estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Note 2. Investments

Investments are stated at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following at December 31, 2017:

Equities	\$ 4,939
Exchange traded funds	4,546
Cash	<u>2,402</u>
Total Investments	<u>\$ 11,887</u>

FULAA LIFELINE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
DECEMBER 31, 2017
(See Independent Accountants' Review Report)

Note 3. In-Kind Donations

In-kind donations were received as follows:

Adjumani church building	\$ 15,000
Adjumani playground	<u>1,000</u>
Total	<u>\$ 16,000</u>

Note 4. Subsequent Events

Management has evaluated subsequent events through July 16, 2018 and has concluded no significant subsequent events meet the criteria of professional accounting standards to be recognized or not recognized, but disclosed, in the financial statements.