

FULAA LIFELINE INTERNATIONAL

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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FINANCIAL STATEMENTS

DECEMBER 31, 2019

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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, 2019, 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 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.

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, 2020

FULAA LIFELINE INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS:

Cash	\$ 130,921
Employee advance	11
Total current assets	<u>\$ 130,932</u>

PROPERTY AND EQUIPMENT, at cost:

Nimule land	\$ 40,000
Nimule buildings & improvements	328,915
Adjumani land	14,462
Adjumani buildings and improvements	148,472
Furniture & equipment	20,285
	<u>\$ 552,134</u>
Less, accumulated depreciation	(129,171)
Property and Equipment, Net	<u>\$ 422,963</u>

TOTAL ASSETS

\$ 553,895

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	<u>\$ 1,900</u>
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NET ASSETS:

Without Donor Restrictions	\$ 514,617
With Donor Restrictions	37,378
Total Net Assets	<u>\$ 551,995</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 553,895

See independent accountants' review report.

FULAA LIFELINE INTERNATIONAL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 257,341	\$ 62,287	\$ 319,628
In-kind donations	202		202
Investment income	5		5
Net assets released from restrictions	101,254	(101,254)	-
Total Support and Revenue	<u>\$ 358,802</u>	<u>\$ (38,967)</u>	<u>\$ 319,835</u>
EXPENSES			
Program services	\$ 219,449	\$ -	\$ 219,449
Management & general	15,629		15,629
Fundraising	11,768		11,768
Total Expenses	<u>\$ 246,846</u>	<u>\$ -</u>	<u>\$ 246,846</u>
CHANGE IN NET ASSETS	\$ 111,956	\$ (38,967)	\$ 72,989
NET ASSETS, BEGINNING OF YEAR	<u>402,661</u>	<u>76,345</u>	<u>479,006</u>
NET ASSETS, END OF YEAR	<u><u>\$ 514,617</u></u>	<u><u>\$ 37,378</u></u>	<u><u>\$ 551,995</u></u>

See independent accountants' review report.

FULAA LIFELINE INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
African Expenses:				
Care of children	\$ 124,302	\$ -	\$ -	\$ 124,302
Cornerstone school	25,000			25,000
Depreciation	20,211			20,211
Ministry	9,561			9,561
Travel to Africa	8,901			8,901
Grants - Ministry	8,150			8,150
Building maintenance	8,061			8,061
Medical clinic	3,410			3,410
Total African Expenses	<u>\$ 207,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,596</u>
US Expenses:				
Salaries	\$ 8,640	\$ 8,640	\$ 4,320	\$ 21,600
Payroll taxes	661	661	330	1,652
Payroll processing fee	556	557	278	1,391
Overhead	551	4,326	4,500	9,377
Telecommunications	1,445	1,445	722	3,612
Outreach			1,618	1,618
Total US Expenses	<u>\$ 11,853</u>	<u>\$ 15,629</u>	<u>\$ 11,768</u>	<u>\$ 39,250</u>
Total Functional Expenses	<u>\$ 219,449</u>	<u>\$ 15,629</u>	<u>\$ 11,768</u>	<u>\$ 246,846</u>

See independent accountants' review report.

FULAA LIFELINE INTERNATIONAL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	72,989
Adjustments to Reconcile Change in Net Assets to		
Net Cash From Operating Activities:		
Depreciation		20,211
Changes in Assets and Liabilities:		
Contributions receivable		25,000
Employee advance		(11)
Accounts payable and accrued expenses		(104)
Net Cash From Operating Activities	\$	<u>118,085</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	<u>(94,679)</u>
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NET INCREASE IN CASH	\$	23,406
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CASH, BEGINNING OF YEAR		<u>107,515</u>
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CASH, END OF YEAR	\$	<u><u>130,921</u></u>
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See independent accountants' review report.

FULAA LIFELINE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(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.

Basis of Presentation:

The accounting financial statement presentation follows the recommendations under the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under this ASC, FULAA is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

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.

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.

FULAA LIFELINE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

(See Independent Accountants' Review Report)

Note 1. Summary of Significant Accounting Policies (Continued)

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 net assets with donor restrictions, 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, 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. Contributions that are restricted by the donor are reported as net assets without donor restrictions if the restrictions are met in the same period the donation is made.

Functional Allocation of Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis. Expenses incurred in Africa are program expenses. Expenses that can be identified with a specific program, general and administrative service, or fundraising activity are allocated directly according to their natural expenditure classification. Salaries and payroll taxes are allocated based on management's estimate of time and effort. Telecommunications are allocated using that same basis.

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 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 LIFELINE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

(See Independent Accountants' Review Report)

Note 1. Summary of Significant Accounting Policies (Concluded)

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. In-Kind Donations

In-kind donations were received for food and supplies.

Note 3. 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. Net assets with donor restrictions at December 31, 2019, are available for the following:

Boy's dormitory in Uganda	\$ 2,575
Women in Adjumani micro finance projects	1,392
Latrine drainage	4,800
Teacher salaries and classroom supplies	25,000
Medical Clinic (vaccine and medicine)	2,000
Other projects	1,611
Total	<u>\$ 37,378</u>

Note 4. Net Assets Released from Donor Restrictions

Net assets released from donor restrictions in 2019 are as follows:

Girl's dormitory in Uganda	\$ 68,000
Solar panel	1,454
Latrine drainage	1,600
Teacher salaries and classroom supplies	25,000
Other projects	5,200
Total	<u>\$ 101,254</u>

FULAA LIFELINE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
DECEMBER 31, 2019
(See Independent Accountants' Review Report)

Note 5. Liquidity and Availability of Financial Assets

The following reflects FULAA's financial assets as of December 31, 2019, reduced by amounts not available for general use because of contractual or donor restrictions within one year of the balance sheet date.

Financial assets at year end	\$ 130,921
Donor restricted	<u>(37,378)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 93,543</u>

FULAA has a policy to structure its financial assets to be available throughout the year as general expenditures become due.

Note 6. Newly Adopted Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-9, Revenue from Contracts with Customers (Topic 606), which requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. FULAA adopted this standard on January 1, 2019 using the modified retrospective approach. Due to the short-term nature of the activities and services within FULAA's revenue streams, the adoption of this standard did not have a material impact on the amount and timing of revenue recognition. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows

Note 7. Subsequent Events

Subsequent to year-end 2019, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. There have been worldwide mandates requiring forced closures of businesses and schools. These forced closures could negatively impact FULAA. While the closures and limitations on movement are expected to be temporary, the related financial impact cannot be estimated at this time.

FULAA has evaluated subsequent events through July 16, 2020, the date on which the financial statements were available to be issued.