

LAMB and LION MINISTRIES

Financial Statements
(With Auditor's Report Thereon)

December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Lamb and Lion Ministries

We have audited the accompanying financial statements of Lamb and Lion Ministries (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lamb and Lion Ministries as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Evans & Knauth, PLLC". The signature is written in black ink on a light-colored background.

Evans & Knauth, PLLC
Frisco, TX
February 22, 2019

FINANCIAL STATEMENTS

LAMB and LION MINISTRIES

Statement of Financial Position

December 31, 2018

ASSETS

Current Assets:

Cash & Cash Equivalents	\$	922,097
Inventory - Publications		125,537
Prepays		14,050
Utility Deposits		125
Total Current Assets		<u>1,061,809</u>

Capital Assets:

Land		22,500
Buildings		654,544
Vehicles		54,841
Furniture & Equipment		496,237
Accumulated Depreciation		(779,434)
Capital Assets, Net		<u>448,688</u>

Total Assets \$ 1,510,497

LIABILITIES & NET ASSETS

Current Liabilities:

Accounts Payable	\$	117,128
Compensated Absences		19,628
Total Current Liabilities		<u>136,756</u>

Total Liabilities 136,756

Net Assets:

Without Donor Restrictions		1,324,334
With Donor Restrictions		49,407
Total Net Assets		<u>1,373,741</u>

Total Liabilities and Net Assets \$ 1,510,497

LAMB and LION MINISTRIES
Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Sales	\$ 510,407	-	510,407
Contributions	2,457,328	225,861	2,683,189
Other Income	41,834	-	41,834
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	236,396	(236,396)	-
Total Revenues	3,245,965	(10,535)	3,235,430
 EXPENSES:			
Program Activities:			
Outreach Services	2,703,838	-	2,703,838
Missions	339,951	-	339,951
Total Program Activities	3,043,789	-	3,043,789
Support Activities:			
Administration	288,330	-	288,330
Fund Raising	16,121	-	16,121
Total Support Activities	304,451	-	304,451
Total Expenses	3,348,240	-	3,348,240
 Change in Net Assets	 (102,275)	 (10,535)	 (112,810)
Net Assets - Beginning	1,426,609	59,942	1,486,551
Net Assets - Ending	\$ 1,324,334	49,407	1,373,741

The notes to the financial statements are an integral part of this statement

LAMB and LION MINISTRIES
Statement of Cash Flows
For the Year Ended December 31, 2018

Cash Flows from Operating Activities:	
Cash Received from Contributors, Sales and Other Income	\$ 3,203,926
Cash Paid to Suppliers	(2,076,620)
Cash Paid to Employees	<u>(1,122,469)</u>
Net Cash Provided/(Used) by Operating Activities	<u>4,837</u>
Cash Flows from Capital Activities:	
Purchase of Capital Assets	<u>(31,490)</u>
Net Cash Provided/(Used) by Capital Activities	<u>(31,490)</u>
Net Increase/(Decrease) in Cash	(26,653)
Cash & Cash Equivalents - Beginning of Year	<u>948,750</u>
Cash & Cash Equivalents - End of Year	<u>\$ 922,097</u>
Reconciliation of Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:	
Change in Net Assets	\$ (112,810)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:	
Depreciation	57,440
(Increase)/Decrease in Inventory	(29,224)
(Increase)/Decrease in Prepaids	(5,875)
Increase/(Decrease) in Accounts Payable	97,586
Increase/(Decrease) in Deferred Revenue	<u>(2,280)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 4,837</u>

The notes to the financial statements are an integral part of this statement.

LAMB and LION MINISTRIES
Notes to the Financial Statements
December 31, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lamb and Lion Ministries (the Ministry) have been prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting. Revenues are recorded when earned and liabilities are recorded as incurred.

Reporting

In order to comply with accounting principles generally accepted in the United States of America, Lamb and Lion Ministry must prepare its external financial statements in accordance with statements issued by the Financial Accounting Standards Board. The Board requires reporting amounts for the Ministry's total assets, liabilities, and net assets in a statement of financial position; reporting the change in the Ministry's net assets in a statement of activities; and reporting the change in its cash and cash equivalents in a statement of cash flows.

The Board also requires classification of the Ministry's net assets and its revenues, expenses, gains, and losses based on the existence or absences of donor-imposed restrictions. Information about the nature and amounts of different types of donor-imposed restrictions shall be displayed in the notes to the financial statements. At December 31, 2018, the Ministry had net assets with and without donor restrictions.

Federal Income Taxes

No provision for federal income taxes has been made since the Ministry is a tax-exempt organization under Internal Revenue Code Section 501(c)3.

Budget

The Ministry prepares a budget to monitor its financial activities.

Cash & Cash Equivalents

Cash and cash equivalents consist of checking accounts.

Inventory

Inventories are stated at cost. Inventory consists of product supplies and finished products.

Use of Estimates

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

CASH & CASH EQUIVALENTS

At December 31, 2018, the carrying amount of deposits was \$922,097 and the bank balance was \$738,593. Of the bank balance, \$732,622 was secured by federal depository insurance.

LAMB and LION MINISTRIES
Notes to the Financial Statements
December 31, 2018

CAPITAL ASSETS

All capital assets are stated at cost if the item was purchased, or at fair value at date of acquisition if the asset was donated. Items with a cost greater than \$1,000 are capitalized. A summary of capital assets is as follows.

	Depreciation Method	12/31/17	Additions	Retirements	12/31/18
Land		\$ 22,500	-	-	22,500
Library Books		10,979	-	-	10,979
Paintings		1,500	-	-	1,500
Buildings	15-40 yr. S/L	637,830	16,714	-	654,544
Vehicles	5 yr. S/L	54,841	-	-	54,841
Equipment	4-10 yr. S/L	440,312	14,776	-	455,088
Furniture	5-15 yr. S/L	28,670	-	-	28,670
		<u>1,196,632</u>	<u>31,490</u>	<u>-</u>	<u>1,228,122</u>
Less: Accumulated Depreciation		<u>(721,994)</u>	<u>(57,440)</u>	<u>-</u>	<u>(779,434)</u>
		<u>\$ 474,638</u>	<u>(25,950)</u>	<u>-</u>	<u>448,688</u>

DONOR-IMPOSED RESTRICTED ASSETS

The Ministry reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. 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.

The Ministry reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Ministry reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Net assets with donor restrictions are available for the following purposes:

Subject to expenditure for specified purpose:	
Missions	<u>\$ 49,407</u>
	<u>\$ 49,407</u>

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

Purpose restrictions accomplished:	
Missions	\$ 217,393
Outreach	<u>19,003</u>
Total Restrictions Released	<u>\$ 236,396</u>

LAMB and LION MINISTRIES
Notes to the Financial Statements
December 31, 2018

ACCRUED VACATION & SICK LEAVE

Vacation and sick leave are not paid upon termination; however, employees are entitled to outstanding bonus leave. The liability for bonus leave at December 31, 2018 is \$19,628.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on the basis of estimates and time and effort.

FINANCIAL ASSETS AVAILABLE

The following reflects the Ministry's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for donor restrictions.

Financial assets, at year-end	\$ 922,097
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	<u>(49,407)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 872,690</u>

The Ministry is substantially supported by unrestricted contributions, and as such continuously maintains available financial assets significantly beyond the responsibilities required by donor-imposed contributions.

OPERATING LEASES

The Ministry entered into an operating lease on December 12, 2016, with Pitney Bowes, for a Digital Meter. The monthly lease payments are \$231 and are billed quarterly for \$693. The lease term is for sixty months.

Future minimum lease payments are as follows:

Year Ending	
<u>December 31,</u>	
2019	\$ 2,772
2020	2,772
2021	<u>2,772</u>
Total	<u>\$ 8,316</u>

EVALUATION OF SUBSEQUENT EVENTS

The Ministry has evaluated subsequent events through February 22, 2019, the date which the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

LAMB and LION MINISTRIES
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Activities			Support Activities			Total
	Outreach Services	Missions	Programs Subtotal	Administration	Fund Raising	Supporting Subtotal	
EXPENSES:							
Minister Salaries & Benefits	\$ 252,447	58,257	310,704	69,908	7,768	77,676	388,380
Staff Salaries	529,118	-	529,118	149,238	-	149,238	678,356
Other Benefits	40,685	-	40,685	15,048	-	15,048	55,733
Main Office Building	28,334	-	28,334	2,498	914	3,412	31,746
Director's Office	3,910	-	3,910	-	-	-	3,910
Outreach Director's Home	19,500	-	19,500	-	-	-	19,500
Storage Building	58	-	58	-	-	-	58
Video Studio	4,755	-	4,755	-	293	293	5,048
Property	10,141	-	10,141	1,003	-	1,003	11,144
Furniture	215	-	215	-	-	-	215
Equipment	11,199	-	11,199	-	-	-	11,199
Vehicles	4,971	-	4,971	-	-	-	4,971
Media Outreach	1,257,544	-	1,257,544	-	-	-	1,257,544
Magazine	25,580	5,239	30,819	-	-	-	30,819
Books	55,614	-	55,614	-	-	-	55,614
Other Publications	20,952	-	20,952	-	-	-	20,952
Internet/WWW	13,053	-	13,053	-	-	-	13,053
Conferences & Pilgrimages	106,062	-	106,062	-	-	-	106,062
Meetings & Seminars	12,463	-	12,463	-	1,203	1,203	13,666
Domestic Missions	-	42,033	42,033	-	-	-	42,033
Foreign Missions	-	229,656	229,656	-	-	-	229,656
Communications	81,140	-	81,140	23,807	4,510	28,317	109,457
Benevolence	-	4,766	4,766	-	-	-	4,766
Supplies	8,982	-	8,982	976	987	1,963	10,945
Computer Software	8,845	-	8,845	426	-	426	9,271
Mileage	3,118	-	3,118	-	446	446	3,564
Publications - General	251	-	251	-	-	-	251
Promotions	56,002	-	56,002	-	-	-	56,002
Professional Services	9,684	-	9,684	11,981	-	11,981	21,665
Miscellaneous	81,775	-	81,775	13,445	-	13,445	95,220
Depreciation	57,440	-	57,440	-	-	-	57,440
Total Expenses	\$ 2,703,838	339,951	3,043,789	288,330	16,121	304,451	3,348,240

The notes to the financial statements are an integral part of this statement.