

LAMB and LION MINISTRIES

Financial Statements
(With Auditors' Report Thereon)

December 31, 2015

TABLE OF CONTENTS

| | |
|--|----|
| INDEPENDENT AUDITORS' REPORT..... | 1 |
| FINANCIAL STATEMENTS: | |
| Statement of Financial Position..... | 4 |
| Statement of Activities..... | 5 |
| State of Cash Flows..... | 6 |
| Notes to the Financial Statements..... | 7 |
| SUPPLEMENTAL SCHEDULES: | |
| Statement of Functional Expenses..... | 12 |

EVANS, PINGLETON and HOWARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
8950 Gary Burns Drive, Suite D
Frisco, Texas 75034
PH 972-335-9754
FAX 972-335-9758

INDEPENDENT AUDITORS' 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, 2015, 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.

Auditors' 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 auditors' 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, 2015, 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 pages 12 and 13 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.

Evans, Pingleton and Howard, PLLC

Evans, Pingleton and Howard, PLLC
Frisco, TX
January 28, 2016

FINANCIAL STATEMENTS

LAMB and LION MINISTRIES
Statement of Financial Position
December 31, 2015

ASSETS

| | |
|---------------------------|--------------|
| Cash and Cash Equivalents | \$ 815,705 |
| Inventory - Publications | 89,487 |
| Inventory - Supplies | 9,865 |
| Prepays | 8,175 |
| Utility Deposits | 1,481 |
| Capital Assets, Net | 508,987 |
| Total Assets | \$ 1,433,700 |

LIABILITIES & NET ASSETS

Liabilities:

| | |
|----------------------|---------|
| Accounts Payable | 87,566 |
| Compensated Absences | 27,909 |
| Deferred Revenue | 1,314 |
| Total Liabilities | 116,789 |

Net Assets:

| | |
|------------------------|-----------|
| Unrestricted | 1,283,036 |
| Temporarily Restricted | 33,875 |
| Total Net Assets | 1,316,911 |

| | |
|----------------------------------|--------------|
| Total Liabilities and Net Assets | \$ 1,433,700 |
|----------------------------------|--------------|

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

LAMB and LION MINISTRIES
Statement of Activities
For the Year Ended December 31, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|------------------|
| REVENUES: | | | |
| Sales | \$ 438,242 | - | 438,242 |
| Undesignated Gifts | 2,054,101 | - | 2,054,101 |
| Designated Gifts | - | 329,620 | 329,620 |
| Other Income | 36,126 | - | 36,126 |
| Net Assets Released from Restrictions: | | | |
| Satisfaction of Program Restrictions | 317,754 | (317,754) | - |
| Total Revenues | <u>2,846,223</u> | <u>11,866</u> | <u>2,858,089</u> |
| | | | |
| EXPENSES: | | | |
| Program Services: | | | |
| Outreach Services | 2,303,537 | - | 2,303,537 |
| Missions | 273,480 | - | 273,480 |
| Total Program Services | <u>2,577,017</u> | <u>-</u> | <u>2,577,017</u> |
| | | | |
| Support Services: | | | |
| Administration | 279,007 | - | 279,007 |
| Fund Raising | 16,291 | - | 16,291 |
| Total Support Services | <u>295,298</u> | <u>-</u> | <u>295,298</u> |
| | | | |
| Total Expenses | <u>2,872,315</u> | <u>-</u> | <u>2,872,315</u> |
| | | | |
| Change in Net Assets | (26,092) | 11,866 | (14,226) |
| Net Assets - Beginning | <u>1,309,128</u> | <u>22,009</u> | <u>1,331,137</u> |
| Net Assets - Ending | <u>\$ 1,283,036</u> | <u>33,875</u> | <u>1,316,911</u> |

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, 2015

| | |
|---|-------------------|
| Cash Flows from Operating Activities: | |
| Cash Received from Contributors, Sales and Other Income | \$ 2,846,383 |
| Cash Paid to Suppliers | (1,756,403) |
| Cash Paid to Employees | (1,000,231) |
| Net Cash Provided/(Used) by Operating Activities | <u>89,749</u> |
| | |
| Cash Flows from Capital Activities: | |
| Purchase of Capital Assets | (68,619) |
| Gain on Disposal of Asset | 379 |
| Net Cash Provided/(Used) by Capital Activities | <u>(68,240)</u> |
| | |
| Net Increase/(Decrease) in Cash | 21,509 |
| | |
| Cash & Cash Equivalents - Beginning of Year | <u>794,196</u> |
| | |
| Cash & Cash Equivalents - End of Year | <u>\$ 815,705</u> |
| | |
| Reconciliation of Change in Net Assets to Net Cash Provided/(Used) by Operating Activities: | |
| | |
| Change in Net Assets | \$ (14,226) |
| | |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities: | |
| | |
| Depreciation | 48,857 |
| (Increase)/Decrease in Inventory | (11,120) |
| (Increase)/Decrease in Prepaids | (8,175) |
| (Increase)/Decrease in Deposits | (1,354) |
| Increase/(Decrease) in Accounts Payable | 48,444 |
| Increase/(Decrease) in Compensated Absences | 27,909 |
| Increase/(Decrease) in Deferred Revenue | (586) |
| Net Cash Provided/(Used) by Operating Activities | <u>\$ 89,749</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, 2015

(1) 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.

A. 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 absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. At December 31, 2015, the Ministry had only unrestricted and temporarily restricted net assets.

B. 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.

C. Budget

The Ministry prepares a budget to monitor its financial activities.

D. Cash & Cash Equivalents

Cash and cash equivalents consist of checking accounts.

E. Inventory

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

F. 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.

LAMB and LION MINISTRIES
Notes to the Financial Statements
December 31, 2015

(2) CASH & CASH EQUIVALENTS

At December 31, 2015, the carrying amount of deposits was \$815,705 and the bank balance was \$737,864. Of the bank balance, \$500,000 was secured by federal depository insurance.

(3) 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 \$500 are capitalized. A summary of capital assets is as follows.

| | Depreciation Method | 12/31/14 | Additions | Retirements | 12/31/15 |
|--------------------------------|------------------------|-------------------|-----------------|-----------------|------------------|
| Land | | \$ 22,500 | - | - | 22,500 |
| Library Books | | 10,979 | - | - | 10,979 |
| Paintings | | 1,500 | - | - | 1,500 |
| Buildings | 40 yr. S/L | 622,959 | - | - | 622,959 |
| Vehicles | 5 yr. S/L | 39,250 | 23,841 | (17,000) | 46,091 |
| Equipment | 4-10 yr. S/L | 387,075 | 44,778 | (15,171) | 416,682 |
| Furniture | 5-15 yr. S/L | 28,670 | - | - | 28,670 |
| | | <u>1,112,933</u> | <u>68,619</u> | <u>(32,171)</u> | <u>1,149,381</u> |
| Less: Accumulated Depreciation | | <u>(623,329)</u> | <u>(48,857)</u> | <u>31,792</u> | <u>(640,394)</u> |
| | | <u>\$ 489,604</u> | <u>19,762</u> | <u>(379)</u> | <u>508,987</u> |

(4) TEMPORARILY RESTRICTED ASSETS

The Ministry reports gifts of cash and other assets as temporarily 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Ministry reports gifts of land, buildings, and equipment as unrestricted support 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 temporarily 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.

Temporarily restricted net assets are available for the following purposes:

| | |
|-----------------|------------------|
| Missions | \$ 16,434 |
| Ministry Van | 8,608 |
| Challenge Grant | 8,833 |
| | <u>\$ 33,875</u> |

LAMB and LION MINISTRIES

Notes to the Financial Statements

December 31, 2015

(4) TEMPORARILY RESTRICTED ASSETS

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

| | |
|-----------------------------|-------------------|
| Missions | \$ 121,289 |
| Building Fund | 4,592 |
| Ministry Van | 23,841 |
| T.V | 143,438 |
| Web Ministry | 2,272 |
| Lion of Judah | 2,200 |
| According to Prophecy | 1,000 |
| Acts 29 | 1,350 |
| Spirit of Grace | 1,000 |
| Hands of Luke | 14,252 |
| Treasured Truth | 2,520 |
| Total Restrictions Released | <u>\$ 317,754</u> |

(5) 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, 2015 is \$27,909.

(6) FUNCTIONAL ALLOCATION OF EXPENSES

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

(7) OPERATING LEASES

The Ministry entered into an operating lease on January 17, 2012, with Pitney Bowes, for a Digital Meter. The monthly lease payments are \$238 and are billed quarterly for \$714. The lease term is for sixty months.

Future minimum lease payments are as follows:

| | |
|-----------------------------|-----------------|
| Year Ending December 31, | |
| 2016 | \$ 2,856 |
| Total | <u>\$ 2,856</u> |

(8) EVALUATION OF SUBSEQUENT EVENTS

The Ministry has evaluated subsequent events through January 28, 2016, the date which the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

This page left blank intentionally.

LAMB and LION MINISTRIES
Statement of Functional Expenses
For the Year Ended December 31, 2015

| | Program Services | |
|---------------------------------|----------------------|----------------|
| | Outreach Services | Missions |
| EXPENSES: | | |
| Ministers Salaries and Benefits | \$ 301,380 | 45,692 |
| Staff Salaries | 402,860 | - |
| Other Benefits | 37,422 | - |
| Main Office Building | 14,397 | - |
| Director's Office | 3,146 | - |
| Outreach Director's Home | 4,199 | - |
| Storage Building | 526 | - |
| Video Studio | 5,782 | - |
| Property | 4,853 | - |
| Furniture | 250 | - |
| Equipment | 3,828 | - |
| Vehicles | 4,868 | - |
| Media Outreach | 1,159,999 | - |
| Magazine | 39,593 | 7,833 |
| Books | 40,910 | - |
| Other Publications | 23,938 | - |
| Internet/WWW | 1,100 | - |
| Conferences and Pilgrimages | 53,517 | - |
| Meetings and Seminars | 9,027 | - |
| Domestic Missions | - | 32,966 |
| Foreign Missions | - | 184,004 |
| Communications | 52,804 | - |
| Benevolence | - | 2,985 |
| Supplies | 25,561 | - |
| Mileage | 2,963 | - |
| Publications - General | 325 | - |
| Promotions | 550 | - |
| Professional Services | 7,972 | - |
| Miscellaneous | 52,531 | - |
| Depreciation | 48,857 | - |
| Loss on Disposal | 379 | - |
| | \$ 2,303,537 | 273,480 |
| Total Expenses | \$ 2,303,537 | 273,480 |

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

Support Services

| <u>Administration</u> | <u>Fund Raising</u> | <u>Total</u> |
|-----------------------|-------------------------|------------------|
| 106,358 | 7,728 | 461,158 |
| 112,858 | - | 515,718 |
| 13,842 | - | 51,264 |
| 4,543 | 782 | 19,722 |
| - | - | 3,146 |
| - | - | 4,199 |
| - | - | 526 |
| - | 354 | 6,136 |
| 524 | - | 5,377 |
| - | - | 250 |
| - | - | 3,828 |
| - | - | 4,868 |
| - | - | 1,159,999 |
| - | - | 47,426 |
| - | - | 40,910 |
| - | - | 23,938 |
| - | - | 1,100 |
| - | - | 53,517 |
| - | 985 | 10,012 |
| - | - | 32,966 |
| - | - | 184,004 |
| 17,076 | 3,458 | 73,338 |
| - | - | 2,985 |
| 2,745 | 2,984 | 31,290 |
| 425 | - | 3,388 |
| - | - | 325 |
| - | - | 550 |
| 9,876 | - | 17,848 |
| 10,760 | - | 63,291 |
| - | - | 48,857 |
| | | 379 |
| <u>279,007</u> | <u>16,291</u> | <u>2,872,315</u> |