

**LAMB and LION MINISTRIES**

Financial Statements  
(With Auditor's Report Thereon)

December 31, 2016

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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, 2016, 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, 2016, 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.

*Evans, Pingleton and Howard, PLLC*

Evans, Pingleton and Howard, PLLC  
Frisco, TX  
February 27, 2017

## **FINANCIAL STATEMENTS**

**LAMB and LION MINISTRIES**

Statement of Financial Position

December 31, 2016

**ASSETS**

Cash and Cash Equivalents	\$	696,007
Inventory - Publications		82,580
Prepays		8,175
Utility Deposits		125
Capital Assets, Net		474,777
Total Assets	\$	<u>1,261,664</u>

**LIABILITIES & NET ASSETS**

Liabilities:

Accounts Payable	\$	730
Compensated Absences		27,909
Deferred Revenue		<u>2,644</u>
Total Liabilities		<u>31,283</u>

Net Assets:

Unrestricted		1,193,754
Temporarily Restricted		<u>36,627</u>
Total Net Assets		<u>1,230,381</u>

Total Liabilities and Net Assets	\$	<u>1,261,664</u>
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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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES:</b>			
Sales	\$ 398,694	-	398,694
Undesignated Gifts	2,248,965	-	2,248,965
Designated Gifts	-	263,909	263,909
Other Income	53,477	-	53,477
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>261,157</u>	<u>(261,157)</u>	-
Total Revenues	<u>2,962,293</u>	<u>2,752</u>	<u>2,965,045</u>
 <b>EXPENSES:</b>			
Program Services:			
Outreach Services	2,446,966	-	2,446,966
Missions	<u>306,069</u>	-	<u>306,069</u>
Total Program Services	<u>2,753,035</u>	<u>-</u>	<u>2,753,035</u>
Support Services:			
Administration	281,504	-	281,504
Fund Raising	<u>17,036</u>	-	<u>17,036</u>
Total Support Services	<u>298,540</u>	<u>-</u>	<u>298,540</u>
Total Expenses	<u>3,051,575</u>	<u>-</u>	<u>3,051,575</u>
 Change in Net Assets	(89,282)	2,752	(86,530)
Net Assets - Beginning	<u>1,283,036</u>	<u>33,875</u>	<u>1,316,911</u>
Net Assets - Ending	<u>\$ 1,193,754</u>	<u>36,627</u>	<u>1,230,381</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, 2016

Cash Flows from Operating Activities:	
Cash Received from Contributors, Sales and Other Income	\$ 2,983,147
Cash Paid to Suppliers	(2,029,552)
Cash Paid to Employees	(1,058,399)
Net Cash Provided/(Used) by Operating Activities	<u>(104,804)</u>
Cash Flows from Capital Activities:	
Purchase of Capital Assets	(14,894)
Net Cash Provided/(Used) by Capital Activities	<u>(14,894)</u>
Net Increase/(Decrease) in Cash	(119,698)
Cash & Cash Equivalents - Beginning of Year	<u>815,705</u>
Cash & Cash Equivalents - End of Year	<u>\$ 696,007</u>
Reconciliation of Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:	
Change in Net Assets	\$ (86,530)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:	
Depreciation	49,104
(Increase)/Decrease in Inventory	16,772
(Increase)/Decrease in Deposits	1,356
Increase/(Decrease) in Accounts Payable	(86,836)
Increase/(Decrease) in Deferred Revenue	1,330
Net Cash Provided/(Used) by Operating Activities	<u>\$ (104,804)</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, 2016

(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, 2016, 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, 2016

**(2) CASH & CASH EQUIVALENTS**

At December 31, 2016, the carrying amount of deposits was \$696,007 and the bank balance was \$612,649. 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	12/31/15	Additions	Retirements	12/31/16
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	46,091	-	-	46,091
Equipment	4-10 yr. S/L	416,682	14,894	-	431,576
Furniture	5-15 yr. S/L	28,670	-	-	28,670
		<u>1,149,381</u>	<u>14,894</u>	<u>-</u>	<u>1,164,275</u>
Less: Accumulated Depreciation		<u>(640,394)</u>	<u>(49,104)</u>	<u>-</u>	<u>(689,498)</u>
		<u>\$ 508,987</u>	<u>(34,210)</u>	<u>-</u>	<u>474,777</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	\$ 31,791
T.V	1,496
Web Ministry	65
Special Appeals	747
Lion of Judah	50
Acts 29	750
Team Expansion	200
Hands of Luke	495
Treasured Truth	600
	<u>\$ 36,194</u>

**LAMB and LION MINISTRIES**  
Notes to the Financial Statements  
December 31, 2016

**(4) TEMPORARILY RESTRICTED ASSETS**

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

Missions	\$ 110,717
T.V	21,622
Technology Fund	1,347
Web Ministry	901
Ministry Van	8,633
Special Appeals	600
Challenge Grant	87,835
Lion of Judah	1,600
Mercy Ships	10
According to Prophecy	1,000
Acts 29	1,000
Spirit of Grace	1,500
Team Expansion	100
Hands of Luke	22,192
Treasured Truth	<u>2,100</u>
Total Restrictions Released	<u>\$ 261,157</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, 2016 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 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 December 31,	
<u>2017</u>	\$ 2,772
2018	2,772
2019	2,772
2020	2,772
2021	<u>2,772</u>
Total	<u>\$ 13,860</u>

**(8) EVALUATION OF SUBSEQUENT EVENTS**

The Ministry has evaluated subsequent events through February 27, 2017, 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, 2016

	Program Services		Support Services		Total
	Outreach Services	Missions	Administration	Fund Raising	
<b>EXPENSES:</b>					
Minister Salaries & Benefits	\$ 264,278	43,948	90,224	8,132	406,582
Staff Salaries	464,141	-	130,911	-	595,052
Other Benefits	41,438	-	15,327	-	56,765
Main Office Building	25,981	-	2,291	838	29,110
Director's Office	2,392	-	-	-	2,392
Outreach Director's Home	5,994	-	-	-	5,994
Storage Building	119	-	-	-	119
Video Studio	4,485	-	-	276	4,761
Property	4,782	-	473	-	5,255
Furniture	200	-	-	-	200
Equipment	8,485	-	-	-	8,485
Vehicles	5,470	-	-	-	5,470
Media Outreach	1,213,212	-	-	-	1,213,212
Magazine	30,986	6,347	-	-	37,333
Books	11,267	-	-	-	11,267
Other Publications	33,778	-	-	-	33,778
Internet/WWW	5,709	-	-	-	5,709
Conferences & Pilgrimages	70,910	-	-	-	70,910
Meetings & Seminars	6,353	-	-	613	6,966
Domestic Missions	-	52,407	-	-	52,407
Foreign Missions	-	202,597	-	-	202,597
Communications	76,763	-	22,515	4,267	103,545
Benevolence	-	770	-	-	770
Supplies	23,370	-	2,541	2,569	28,480
Computer Software	12,065	-	582	-	12,647
Mileage	2,386	-	-	341	2,727
Publications - General	422	-	-	-	422
Promotions	17,666	-	-	-	17,666
Professional Services	5,516	-	6,823	-	12,339
Miscellaneous	59,694	-	9,817	-	69,511
Depreciation	49,104	-	-	-	49,104
<b>Total Expenses</b>	<b>\$ 2,446,966</b>	<b>306,069</b>	<b>281,504</b>	<b>17,036</b>	<b>3,051,575</b>

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