



**empowering lives**  
INTERNATIONAL

EMPOWERING LIVES INTERNATIONAL

Financial Statements  
With Independent Accountants' Review Report

December 31, 2012 and 2011

# EMPOWERING LIVES INTERNATIONAL

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## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

Board of Directors  
Empowering Lives International  
Upland, California

We have reviewed the accompanying statements of financial position of Empowering Lives International (ELI) as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of ELI 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 as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, 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.

*Capin Crouse LLP*

Brea, California  
July 1, 2013

# EMPOWERING LIVES INTERNATIONAL

## Statements of Financial Position

	December 31,	
	2012	2011
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 369,767	\$ 412,718
Investments	21,779	16,590
Contributions receivable	2,000	2,000
Prepaid expenses	3,339	2,267
	<u>396,885</u>	<u>433,575</u>
 Equipment and website costs, net of accumulated depreciation	<u>4,516</u>	<u>11,556</u>
 Total Assets	<u>\$ 401,401</u>	<u>\$ 445,131</u>
 <b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable	\$ 6,608	\$ 115
Accrued expenses	2,050	1,480
Total current liabilities	<u>8,658</u>	<u>1,595</u>
 Net assets:		
Unrestricted:		
Undesignated	71,575	160,168
Net investment in equipment and website costs	4,516	11,556
	<u>76,091</u>	<u>171,724</u>
 Temporarily restricted	<u>316,652</u>	<u>271,812</u>
Total net assets	<u>392,743</u>	<u>443,536</u>
 Total Liabilities and Net Assets	<u>\$ 401,401</u>	<u>\$ 445,131</u>

See accompanying notes and independent accountants' review report

# EMPOWERING LIVES INTERNATIONAL

## Statements of Activities

	Year Ended December 31					
	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b>						
Contributions	\$ 347,662	\$ 930,526	\$ 1,278,188	\$ 120,357	\$ 1,213,716	\$ 1,334,073
Investment income	-	503	503	-	601	601
Other income	9,025	-	9,025	917	-	917
Net assets released from restrictions:						
Release of restrictions	886,189	(886,189)	-	1,195,143	(1,195,143)	-
<b>Total Support, Revenue, and Reclassifications</b>	<b>1,242,876</b>	<b>44,840</b>	<b>1,287,716</b>	<b>1,316,417</b>	<b>19,174</b>	<b>1,335,591</b>
<b>EXPENSES:</b>						
Program services	1,098,877	-	1,098,877	1,010,452	-	1,010,452
Supporting activities:						
General and administrative	164,627	-	164,627	181,308	-	181,308
Fundraising	75,005	-	75,005	70,536	-	70,536
	239,632	-	239,632	251,844	-	251,844
<b>Total Expenses</b>	<b>1,338,509</b>	<b>-</b>	<b>1,338,509</b>	<b>1,262,296</b>	<b>-</b>	<b>1,262,296</b>
Change in Net Assets	(95,633)	44,840	(50,793)	54,121	19,174	73,295
Net Assets, Beginning of Year	171,724	271,812	443,536	117,603	252,638	370,241
Net Assets, End of Year	\$ 76,091	\$ 316,652	\$ 392,743	\$ 171,724	\$ 271,812	\$ 443,536

See accompanying notes and independent accountants' review report

# EMPOWERING LIVES INTERNATIONAL

## Statements of Cash Flows

	Year Ended December 31,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (50,793)	\$ 73,295
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,040	8,110
Gifts-in-kind, stock donations	(21,544)	(16,163)
(Gain) loss on sale of investments	(345)	(576)
Net change in:		
Contributions receivable	-	4,000
Prepaid expenses	(1,072)	3,747
Inventory	-	1,919
Accounts payable	6,493	(6,283)
Accrued expenses	570	(4,405)
Net Cash Provided by (used in) Operating Activities	(59,651)	63,644
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	16,700	18,399
Purchases of equipment	-	(1,429)
Net Cash Provided by Investing Activities	16,700	16,970
Change in Cash and Cash Equivalents	(42,951)	80,614
Cash and Cash Equivalents, Beginning of Year	412,718	332,104
Cash and Cash Equivalents, End of Year	\$ 369,767	\$ 412,718

See accompanying notes and independent accountants' review report

# EMPOWERING LIVES INTERNATIONAL

## Notes to Financial Statements

December 31, 2012 and 2011

1. NATURE OF ORGANIZATION:

Empowering Lives International (ELI) is a nonprofit corporation incorporated in the State of California. The purpose of ELI is to evangelize, train, educate, and share the gospel of Jesus Christ through humanitarian projects among the poor in eastern Africa and throughout the world. ELI is affiliated with four organizations in eastern Africa. These organizations have independent boards of directors and do not meet the criteria for consolidation and are, therefore, not included in these financial statements.

As a not-for-profit organization, ELI is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). As such, it is also exempt from state income taxes, and contributions by the public are deductible for income tax purposes. ELI has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Internal Revenue Code. Income for ELI primarily consists of contributions from individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of ELI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies adopted by ELI are described below.

### CASH AND CASH EQUIVALENTS

For statements of financial position and cash flow purposes, cash and cash equivalents consist of cash on deposit at a banking institution. These accounts may, at times, exceed federally insured limits. ELI has not experienced any losses related to these accounts.

### INVESTMENTS

ELI records all equity and debt securities at fair market value with both realized and unrealized gains and losses included in the statements of activities. All investments are traded on a United States of America exchange. Accordingly, the exchanges' quoted price determines fair market value. A portion of the investments were originally donated for the specific intent of being used by the orphanage in Kenya. As these funds have a restricted purpose, cash within these funds have been considered investments rather than cash and cash equivalents. Income earned from these investments is also restricted for this purpose.

ELI's investments consist of common stock. The investments are reported at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy.

# EMPOWERING LIVES INTERNATIONAL

## Notes to Financial Statements

December 31, 2012 and 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### EQUIPMENT AND WEBSITE COSTS

All expenditures of \$500 or more for equipment are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets, ranging from three to seven years.

#### NET ASSETS

The financial statements report amounts by class of net assets:

*Unrestricted net assets* are those currently available at the discretion of the board for use in the organization's operations and those resources invested in equipment.

*Temporarily restricted net assets* are those which are stipulated by donors for specific programs.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

#### USE OF ESTIMATES

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

#### SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to ELI. Conditional promises-to-give are recognized as revenue when the conditions on which they depend are substantially met. ELI receives gifts-in-kind, which are recorded as support at the estimated fair market value on the date of the gift.

Contributions are recorded as temporarily restricted if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

For contributions restricted by donors for the acquisition of long-lived assets, the restriction is considered to be met when the funds are expended on the intended purpose.

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.



# EMPOWERING LIVES INTERNATIONAL

## Notes to Financial Statements

December 31, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**ADVERTISING EXPENSE**

Advertising expense is used to promote ELI. All advertising expenses are reported when incurred and totaled \$34,992 and \$21,071 for the years ended December 31, 2012 and 2011, respectively.

**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program and supporting activities. Currently, there are no joint costs that have been allocated among the program, general and administrative, and fundraising functions.

3. INVESTMENTS:

Investment income consists of:

	December 31,	
	2012	2011
Interest and dividend income	\$ 158	\$ 25
Realized and unrealized gain (loss)	345	576
	<u>\$ 503</u>	<u>\$ 601</u>

4. EQUIPMENT AND WEBSITE COSTS:

Equipment and website costs consist of:

	December 31,	
	2012	2011
Equipment	\$ 26,723	\$ 26,234
Website costs	17,390	17,390
Less accumulated depreciation	(39,597)	(32,068)
	<u>\$ 4,516</u>	<u>\$ 11,556</u>

# EMPOWERING LIVES INTERNATIONAL

## Notes to Financial Statements

December 31, 2012 and 2011

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

	December 31,	
	2012	2011
Long-term staff	\$ 76,817	\$ 90,552
Congo ministry	35,680	45,993
Kenya ministry	108,842	61,210
Sudan ministry	15,000	-
Tanzania ministry	-	795
Income generating projects	34,017	17,471
Capital projects	41,476	41,795
Short-term missions	4,820	13,996
	<u>\$ 316,652</u>	<u>\$ 271,812</u>

6. LEASES:

ELI leases office space under an operating lease which was renewed in November 2012 and ends October 2013. Monthly payments of \$950 are made. Total rent expense for the years ended December 31, 2012 and 2011, was \$10,300 and \$10,200, respectively.

7. RELATED PARTY TRANSACTIONS:

Program services include disbursements made directly to the affiliated African ministries to help meet their defined purposes and for the years ended December 31, 2012 and 2011, were approximately \$701,548 and \$800,195, respectively. There were no payables or receivables between ELI and its affiliates as of December 31, 2012 and 2011.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.