



**empowering lives**  
INTERNATIONAL

Financial Statements  
With Independent Accountants' Review Report

December 31, 2013 and 2012

# 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, 2013 and 2012, 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  
April 9, 2014

# EMPOWERING LIVES INTERNATIONAL

## Statements of Financial Position

	December 31,	
	2013	2012
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 324,305	\$ 369,767
Investments	-	21,779
Contributions receivable	-	2,000
Prepaid expenses	4,922	3,339
	<u>329,227</u>	<u>396,885</u>
Equipment and website costs, net of accumulated depreciation	<u>1,312</u>	<u>4,516</u>
Total Assets	<u>\$ 330,539</u>	<u>\$ 401,401</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ -	\$ 6,608
Accrued expenses	3,115	2,050
Total current liabilities	<u>3,115</u>	<u>8,658</u>
Net assets:		
Unrestricted:		
Undesignated	12,625	71,575
Net investment in equipment and website costs	<u>1,312</u>	<u>4,516</u>
	13,937	76,091
Temporarily restricted	<u>313,487</u>	<u>316,652</u>
Total net assets	<u>327,424</u>	<u>392,743</u>
Total Liabilities and Net Assets	<u>\$ 330,539</u>	<u>\$ 401,401</u>

See accompanying notes and independent accountants' review report

# EMPOWERING LIVES INTERNATIONAL

## Statements of Activities

	Year Ended December 31,					
	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b>						
Contributions	\$ 296,122	\$ 1,214,659	\$ 1,510,781	\$ 347,662	\$ 930,526	\$ 1,278,188
Investment income	456	-	456	-	503	503
Other income	65,397	-	65,397	9,025	-	9,025
Net assets released from restrictions:						
Release of restrictions	1,217,824	(1,217,824)	-	886,189	(886,189)	-
<b>Total Support, Revenue, and Reclassifications</b>	<b>1,579,799</b>	<b>(3,165)</b>	<b>1,576,634</b>	<b>1,242,876</b>	<b>44,840</b>	<b>1,287,716</b>
<b>EXPENSES:</b>						
Program services	1,390,157	-	1,390,157	1,098,877	-	1,098,877
Supporting activities:						
General and administrative	175,623	-	175,623	164,627	-	164,627
Fundraising	76,173	-	76,173	75,005	-	75,005
	251,796	-	251,796	239,632	-	239,632
<b>Total Expenses</b>	<b>1,641,953</b>	<b>-</b>	<b>1,641,953</b>	<b>1,338,509</b>	<b>-</b>	<b>1,338,509</b>
Change in Net Assets	(62,154)	(3,165)	(65,319)	(95,633)	44,840	(50,793)
Net Assets, Beginning of Year	76,091	316,652	392,743	171,724	271,812	443,536
Net Assets, End of Year	\$ 13,937	\$ 313,487	\$ 327,424	\$ 76,091	\$ 316,652	\$ 392,743

See accompanying notes and independent accountants' review report

# EMPOWERING LIVES INTERNATIONAL

## Statements of Cash Flows

	Year Ended December 31,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (65,319)	\$ (50,793)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	3,831	7,040
Gifts-in-kind, stock donations	(34,694)	(21,544)
Unrealized (gain) loss on investments	(454)	(345)
Net change in:		
Contributions receivable	2,000	-
Prepaid expenses	(1,583)	(1,072)
Accounts payable	(6,608)	6,493
Accrued expenses	1,065	570
Net Cash Used in Operating Activities	(101,762)	(59,651)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	56,927	16,700
Purchases of equipment	(627)	-
Net Cash Provided by Investing Activities	56,300	16,700
Change in Cash and Cash Equivalents	(45,462)	(42,951)
Cash and Cash Equivalents, Beginning of Year	369,767	412,718
Cash and Cash Equivalents, End of Year	\$ 324,305	\$ 369,767

See accompanying notes and independent accountants' review report

# EMPOWERING LIVES INTERNATIONAL

## Notes to Financial Statements

December 31, 2013 and 2012

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

Investments owned by ELI are held at fair market value. All donated assets are recorded at the estimated fair value at the time of receipt. Any changes in the fair value of investment assets is recorded on the statements of activities. The general policy of ELI is to immediately liquidate any donated stocks and transfer the proceeds to general operating accounts.

### 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.

# EMPOWERING LIVES INTERNATIONAL

## Notes to Financial Statements

December 31, 2013 and 2012

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

#### 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.

#### 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.

# EMPOWERING LIVES INTERNATIONAL

## Notes to Financial Statements

December 31, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**UNCERTAIN TAX POSITIONS**

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2013 and 2012, ELI had no uncertain tax positions that qualify for recognition or disclosure in the financial statements. ELI is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

3. INVESTMENTS:

ELI has adopted the provisions of the Fair Value Measurements and Disclosure Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 consists of significant unobservable inputs. ELI uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, ELI measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. As of the year ended December 31, 2013 and 2012, all ELI investments are valued at Level 1 hierarchy.

Investment income consists of:

	December 31,	
	2013	2012
Interest and dividend income	\$ 2	\$ 158
Realized and unrealized gain	454	345
	<u>\$ 456</u>	<u>\$ 503</u>

4. EQUIPMENT AND WEBSITE COSTS:

Equipment and website costs consist of:

	December 31,	
	2013	2012
Equipment	\$ 18,893	\$ 26,723
Website costs	17,390	17,390
Less accumulated depreciation	(34,971)	(39,597)
	<u>\$ 1,312</u>	<u>\$ 4,516</u>

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## Notes to Financial Statements

December 31, 2013 and 2012

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

	December 31,	
	2013	2012
Long-term staff	\$ 69,873	\$ 76,817
Congo ministry	15,000	35,680
Kenya ministry	97,070	108,842
Sudan ministry	-	15,000
Income generating projects	15,845	34,017
Capital projects	82,627	41,476
Short-term missions	33,071	4,820
	<u>\$ 313,487</u>	<u>\$ 316,652</u>

6. LEASES:

ELI leases office space under an operating lease which was renewed in November 2013 and ends October 2014. Monthly payments of \$950 are made. Total rent expense for the years ended December 31, 2013 and 2012, was \$11,400 and \$10,300, 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, 2013 and 2012, were approximately \$1,053,377 and \$701,548, respectively. There were no payables or receivables between ELI and its affiliates as of December 31, 2013 and 2012.

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.