



Empowering Lives

INTERNATIONAL

Financial Statements
With Independent Accountants'
Review Report

June 30, 2020 and 2019

EMPOWERING LIVES INTERNATIONAL

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Empowering Lives International
Upland, California

We have reviewed the accompanying financials statements of Empowering Lives International, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the entity's 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's Responsibility for the Financial Statements

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusions.

Accountants' Conclusion

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.

Emphasis of Matter

Empowering Lives International has adopted Financial Accounting Standards Board Accounting Standards Update No. 2018-08, *Clarifying the Scope and the accounting Guidance for Contributions Received and Contributions Made*, as described in Note 2. This has not had a material effect on the presentation of the June 30, 2020 financial statements. Our conclusion is not modified with respect to this matter.



Brea, California
November 19, 2020

EMPOWERING LIVES INTERNATIONAL

Statements of Financial Position

	June 30,	
	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 943,686	\$ 621,569
Other assets	20,223	17,391
Total Assets	<u>\$ 963,909</u>	<u>\$ 638,960</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accrued expenses	\$ 40,898	\$ 10,288
	<u>40,898</u>	<u>10,288</u>
Net assets:		
Net assets without donor restrictions	103,568	235,521
Net assets with donor restrictions	819,443	393,151
	<u>923,011</u>	<u>628,672</u>
Total Liabilities and Net Assets	<u>\$ 963,909</u>	<u>\$ 638,960</u>

See accompanying notes and independent accountants' review report

EMPOWERING LIVES INTERNATIONAL

Statements of Activities

	Year Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 636,183	\$ 1,515,499	\$ 2,151,682	\$ 397,414	\$ 1,354,535	\$ 1,751,949
Federal grant	-	69,432	69,432	-	-	-
Other income	25,312	-	25,312	31,798	-	31,798
Net assets released from purpose restrictions	1,158,639	(1,158,639)	-	1,319,084	(1,319,084)	-
Total Support, Revenue, and Reclassifications	<u>1,820,134</u>	<u>426,292</u>	<u>2,246,426</u>	<u>1,748,296</u>	<u>35,451</u>	<u>1,783,747</u>
EXPENSES:						
Program services	<u>1,698,476</u>	<u>-</u>	<u>1,698,476</u>	<u>1,496,678</u>	<u>-</u>	<u>1,496,678</u>
Supporting activities:						
General and administrative	155,580	-	155,580	194,668	-	194,668
Fundraising	98,031	-	98,031	81,325	-	81,325
	<u>253,611</u>	<u>-</u>	<u>253,611</u>	<u>275,993</u>	<u>-</u>	<u>275,993</u>
Total Expenses	<u>1,952,087</u>	<u>-</u>	<u>1,952,087</u>	<u>1,772,671</u>	<u>-</u>	<u>1,772,671</u>
Change in Net Assets	(131,953)	426,292	294,339	(24,375)	35,451	11,076
Net Assets, Beginning of Period	<u>235,521</u>	<u>393,151</u>	<u>628,672</u>	<u>259,896</u>	<u>357,700</u>	<u>617,596</u>
Net Assets, End of Period	<u>\$ 103,568</u>	<u>\$ 819,443</u>	<u>\$ 923,011</u>	<u>\$ 235,521</u>	<u>\$ 393,151</u>	<u>\$ 628,672</u>

See accompanying notes and independent accountants' review report

EMPOWERING LIVES INTERNATIONAL

Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 294,339	\$ 11,076
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Forgiveness of Paycheck Protection Program loan	(69,432)	-
Depreciation	-	508
Net change in:		
Other assets	(2,832)	(10,400)
Accrued expenses	30,610	(486)
Net Cash Provided by Operating Activities	<u>252,685</u>	<u>698</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	<u>69,432</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>69,432</u>	<u>-</u>
Change in Cash and Cash Equivalents	322,117	698
Cash and Cash Equivalents, Beginning of Period	<u>621,569</u>	<u>620,871</u>
Cash and Cash Equivalents, End of Period	<u>\$ 943,686</u>	<u>\$ 621,569</u>
SUPPLEMENTAL DISCLOSURE:		
Non-cash financing transaction to recognize forgiveness of Paycheck Protection Program loan	<u>\$ 69,432</u>	<u>\$ -</u>

See accompanying notes and independent accountants' review report

EMPOWERING LIVES INTERNATIONAL

Notes to Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION:

Empowering Lives International (ELI) is a not-for-profit 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 three organizations in eastern Africa. These organizations have independent boards of directors and do not meet the criteria for consolidation and are not included in these financial statements.

ELI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), and comparable state laws. However, ELI is subject to federal income tax on any unrelated business taxable income. In addition, ELI is not classified as a private foundation under Section 509(a) of the Code. Contributions to ELI by the public are deductible for income tax purposes.

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

Cash and cash equivalents consist of cash on deposit at a banking institution. These accounts may, at times, exceed federally insured limits. As of June 30, 2020 and 2019, ELI's cash balances exceeded federally insured limits by approximately \$676,000 and \$290,000, respectively. ELI has not experienced any losses related to these accounts.

NET ASSETS

The net assets of ELI are reported in the following two classes:

Net assets without donor restrictions are those resources not restricted by donor; however, their use may, at times, be limited by board designation.

Net assets with donor restrictions include donor-restricted contributions for specific programs and other projects.

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.

EMPOWERING LIVES INTERNATIONAL

Notes to Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

Contributions are recorded with donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions and reported in the statement 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.

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

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ELI adopted the provisions of this new standard during the year ended June 30, 2020. This new standard provides guidance on determining whether a transaction should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. This standard did not have a material impact on the change in net assets for the year ended June 30, 2020.

3. LIQUIDITY AND FUNDS AVAILABLE:

ELI has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flow closely through regular board reporting and detailed financial analysis. Financial assets available to meet cash needs for general expenditures within one year of June 30, 2020 and 2019, was \$943,686 and \$621,569, respectively. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. None of the financial assets are subject to restrictions from donors or other contractual obligations which would make them unavailable for general expenditure within one year of the statement of financial position dates.

EMPOWERING LIVES INTERNATIONAL

Notes to Financial Statements

June 30, 2020 and 2019

4. NET ASSETS WITH DONOR RESTRICTIONS:

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

	June 30,	
	2020	2019
Water and children's home projects	\$ 358,312	\$ 265,864
Kenya projects	355,416	14,738
Long-term staff	59,919	60,919
Congo projects	29,664	-
Orphan and vulnerable children programs in conflict zones	-	31,798
Tanzania ministry	-	15,613
Short-term missions	-	4,219
Other	16,132	-
	<u>\$ 819,443</u>	<u>\$ 393,151</u>

5. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various program services and supporting activities have been summarized on a functional basis on the statement of activities, which reports certain categories of expenses that are attributable to more than one program or supporting function. Accordingly, certain costs have been allocated among the program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include categories such as salaries and benefits, professional services and development, and occupancy and supplies and other. Allocations are based on estimates of purpose, time, and utilization. Furthermore, there are no joint costs that have been allocated among the program services and general and administrative and fundraising functions.

The tables below present expenses by functional allocation as well as by natural classification:

	Year Ended June 30, 2020			
	Program Activities	Supporting Activities		Total
		General and Administrative	Fundraising	
Grant expense	\$ 1,270,475	\$ -	\$ -	\$ 1,270,475
Salaries and benefits	397,044	60,809	39,508	497,361
Professional services and development	17,511	46,584	54,938	119,033
Occupancy and supplies	9,725	48,149	3,585	61,459
Other	3,721	38	-	3,759
	<u>\$ 1,698,476</u>	<u>\$ 155,580</u>	<u>\$ 98,031</u>	<u>\$ 1,952,087</u>

EMPOWERING LIVES INTERNATIONAL

Notes to Financial Statements

June 30, 2020 and 2019

5. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

	Year Ended June 30, 2019			
	Program Activities	Supporting Activities		Total
		General and Administrative	Fundraising	
Grant expense	\$ 1,168,020	\$ -	\$ -	\$ 1,168,020
Salaries and benefits	313,907	95,538	45,493	454,938
Professional services and development	-	56,434	3,986	60,420
Occupancy and supplies	9,864	39,623	17,668	67,155
Other	4,887	3,073	14,178	22,138
	<u>\$ 1,496,678</u>	<u>\$ 194,668</u>	<u>\$ 81,325</u>	<u>\$ 1,772,671</u>

6. RISKS AND UNCERTAINTIES

ELI's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on ELI's financial position, operations, and cash flows. Possible effects may include, but are not limited to disruption in ELI's workforce and a decline in the value of assets held by ELI. The total financial impact, if any cannot be estimated at this time.

During the year ended June 30, 2020, ELI received a Paycheck Protection Program loan of \$69,432. The loan is eligible for forgiveness based on ELI incurring various qualifying expenses such as normal payroll costs and utilities. Because ELI has overcome required barriers related to these funds as of June 30, 2020, the amount in full has been recorded as a federal grant with donor restrictions on the statements of activities. ELI intends to apply for loan forgiveness during the year ending June 30, 2021.

7. RELATED PARTY TRANSACTIONS:

Program services include disbursements made directly to the affiliated African ministries to help meet their defined purposes. For the years ended June 30, 2020 and 2019, disbursements were approximately \$1,093,000 and \$1,032,000, respectively. There were no payables or receivables between ELI and its affiliates as of June 30, 2020 and 2019.

During the years ended June 30, 2020 and 2019, the total amounts contributed by board members were approximately \$46,000 and \$38,000, respectively.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 19, 2020, which is the date the financial statements were available to be issued.