

**HEAVEN SENT MINISTRIES, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**For Year Ended December 31, 2012**

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# Hollifield & Associates

-----CERTIFIED PUBLIC ACCOUNTANTS-----

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August 30, 2013

To the Board of Directors  
Heaven Sent Ministries, Inc.  
Princeton, WV 24740

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Heaven Sent Ministries, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years 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**

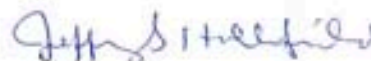
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Heaven Sent Ministries, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Jeffery S. Hollifield, CPA

**HEAVEN SENT MINISTRIES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2012 and 2011**

ASSETS	2012	2011
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 74,888	\$ 36,881
Accounts Receivable	58,214	19,317
Total Current Assets	133,102	56,199
<b>NONCURRENT ASSETS</b>		
Leasehold Buildings	633,741	633,741
Leasehold Improvements	104,798	104,798
Vehicles	19,500	19,500
Equipment	20,871	20,871
Furniture and Office Equipment	22,049	19,781
	800,960	798,692
Less accumulated depreciation	(138,131)	(107,784)
Total Capital Assets	662,828	690,907
<b>TOTAL ASSETS</b>	<b>\$ 795,930</b>	<b>\$ 747,106</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 6,602	\$ 8,776
Payroll Liabilities	1,332	2,445
Total Current Liabilities	7,935	11,221
<b>LONG TERM DEBT</b>	-	-
<b>TOTAL LIABILITIES</b>	7,935	11,221
<b>NET ASSETS</b>		
Restricted	630,981	650,824
Unrestricted	157,014	87,694
Total Net Assets	787,996	735,885
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 795,930</b>	<b>\$ 747,106</b>

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

**HEAVEN SENT MINISTRIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**For Year Ended December 31, 2012 and 2011**

	2012	2011
<b>REVENUE</b>		
Donations	\$ 352,415	\$ 209,089
Missionary Support	189,283	195,294
Mission Trip Revenue	46,363	126,287
In-Kind Donations	-	17,000
Other Misc. Revenue	4,029	2,061
Total Revenue	\$ 592,089	\$ 549,730
<b>EXPENSES</b>		
Salaries and Wages	\$ 134,267	\$ 128,132
Housing Allowance	12,000	12,000
Contract Labor	28,342	17,949
International Mission Trips	46,200	118,989
Direct Assistance	16,125	15,405
Printing & Mailing	16,762	4,814
Food Supplies	37,875	40,448
Freight	39,141	27,501
Packaging Supply	9,680	8,888
Utilities	18,343	21,238
Office Supplies	22,618	30,593
Pastor & Missionary Support	74,749	53,105
Insurance Expense	7,892	11,891
Payroll Taxes	10,271	9,802
Professional Fees	5,705	7,132
Advertising	2,741	8,250
Maintenance & Repairs	7,256	5,898
Vehicle Expense	7,421	7,837
Travel Expense	954	1,290
Finance Charges	507	3,628
Gifts & Memorials	4,049	6,176
Depreciation Expense	30,347	27,444
Miscellaneous Expenses	6,732	6,258
Total Expenses	\$ 539,979	\$ 574,669
<b>INCREASE (DECREASE) IN NET ASSETS</b>	52,110	(24,939)
Net Assets at beginning of year	735,885	760,824
<b>NET ASSETS AT END OF YEAR</b>	\$ 787,996	\$ 735,885

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

**HEAVEN SENT MINISTRIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**For Year Ended December 31, 2012 and 2011**

	<u>2012</u>		<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Increase (Decrease) in Net Assets	\$ 52,110	\$	(24,939)
Net (Increase) Decrease in Accounts Receivable	(38,897)		(17,324)
Net Increase (Decrease) in Accounts Payable	(3,286)		(18,345)
Depreciation Expense	30,347		27,444
	<hr/>		<hr/>
Net Cash Provided by Operating Activities	40,275		(33,163)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
(Increase) Decrease in Capital Assets	(2,268)		(44,144)
	<hr/>		<hr/>
Net Cash Provided by Financing Activities	(2,268)		(44,144)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
	-		-
Net increase (decrease) in cash and cash equivalents	38,007		(77,307)
Cash and Cash Equivalents at Beginning of Year	36,881		114,189
	<hr/>		<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 74,888</b>	<b>\$</b>	<b>36,881</b>

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

**HEAVEN SENT MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For Year Ended December 31, 2012**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities - Heaven Sent Ministries, Inc. a non profit corporation established in 1997, was organized as a global endeavor to reach people for Jesus Christ through evangelism, discipleship, and meeting physical needs.

Basis of Accounting and Financial Statement Presentation - The financial statements of Heaven Sent Ministries, Inc. (HSM) are prepared in accordance with generally accepted accounting principles (GAAP); using the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, when received, are recognized when grantor eligibility requirements are met.

Source of Revenue - Heaven Sent Ministries, Inc. receives the majority of its revenue through hosting of international mission trips and through donations from individuals, churches, organizations, and businesses.

Revenue income reported in the financial statements includes all unrestricted donations, mission trip revenue, or monies earned during the normal course of business.

When both restricted and unrestricted resources are available for use, it is Heaven Sent Ministries' policy to use restricted resources first, and then the unrestricted resources as needed. See Note C for information describing restricted assets.

Cash Equivalents - Heaven Sent Ministries, Inc. considers cash in checking accounts, savings, and cash on hand as cash and cash equivalents on the statement of cash flows.

Cash - Cash is on deposit with two F.D.I.C. insured institutions. During the year Heaven Sent Ministries, Inc. did not have any amounts over F.D.I.C. coverage. The cash and cash equivalents consist of the following for purpose of the cash flow statement.

All of the carrying values are the same as market value.

	Type	12/31/12 Amount	12/31/12 Interest Rate
Cash on Hand	Petty Cash	12	N/A
FCB Operating Accounts	Checking	70,730	0%
FCB Operation Share	Checking	99	0%
Bank of America	Checking	4,047	0%
Total Cash & Cash Equivalents		<u>74,888</u>	

Use of Estimates - Heaven Sent Ministries, Inc. relies, as do all entities, on management's estimates in the preparation of their financial statements. Actual results could differ from those estimates.

Advertising - Consists of expenses incurred for maintenance of HSM's website, advertising fees on other websites, monogram t-shirts, and brochures for all of HSM's programs. Advertising costs are expensed as incurred.



**HEAVEN SENT MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For Year Ended December 31, 2012**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property and Equipment and Depreciation - Property and equipment are stated at cost or, if donated, at fair market value at date of donation less accumulated depreciation. Depreciation is computed using the straight line method over the estimated useful lives of the assets. Heaven Sent Ministries current policy is to capitalize assets costing greater than \$1,000.

Major classifications of capital assets of Heaven Sent Ministries, Inc. along with their respective useful lives at December 31, 2012 are summarized below:

Classification	Useful Lives
Leasehold Buildings	39 years
Leasehold Improvement	15-39 years
Vehicles	5 years
Equipment	5-10 years
Furniture & Office Equipment	5-10 years

Income Taxes - Heaven Sent Ministries, Inc. has been granted an exemption from income taxes under Section 501-c-3 of the Internal Revenue Code and is not considered a private foundation.

Accounts Receivable - Receivables are stated at the amount management expects to collect from outstanding balances. Uncollectible accounts are charged directly to expense in the year they are determined to become uncollectible. The determination of uncollectability is based on historical bad debt experience and an evaluation of the periodic aging of accounts.

**NOTE B - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2012, was as follows:

	Balance at January 1, 2012	Additions	Retirements & Reclassifications	Balance at Dec. 31, 2012
Leasehold Buildings	\$ 633,741	\$ -	\$ -	\$ 633,741
Leasehold Improvement	104,798	-	-	104,798
Vehicles	19,500	-	-	19,500
Equipment	20,871	-	-	20,871
Furniture & Office Equipment	19,781	2,268	-	22,049
Total capital assets	\$ 798,692	\$ 2,268	\$ -	\$ 800,960
Less accumulated depreciation:				
Leasehold Buildings	84,515	16,250	-	100,765
Leasehold Improvement	3,200	3,593	-	6,793
Vehicles	4,625	3,400	-	8,025
Equipment	7,387	3,455	-	10,842
Furniture & Office Equipment	8,057	3,650	-	11,707
Total accumulated depreciation	107,784	30,347	-	138,131



**HEAVEN SENT MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For Year Ended December 31, 2012**

**NOTE B - CAPITAL ASSETS (CONTINUED)**

Capital assets activity for the year ended December 31, 2011, was as follows:

	Balance at January 1, 2011	Additions	Retirements & Reclassifications	Balance at Dec. 31, 2011
Leasehold Buildings	\$ 632,071	\$ 1,670	\$ -	\$ 633,741
Leasehold Improvement	82,723	22,075	-	104,798
Vehicles	2,500	17,000	-	19,500
Equipment	17,472	3,399	-	20,871
Furniture & Office Equipment	19,781	-	-	19,781
Total capital assets	<u>\$ 754,548</u>	<u>\$ 44,144</u>	<u>\$ -</u>	<u>\$ 798,692</u>
Less accumulated depreciation:				
Leasehold Buildings	68,282	16,234	-	84,515
Leasehold Improvement	265	2,935	-	3,200
Vehicles	2,500	2,125	-	4,625
Equipment	4,527	2,860	-	7,387
Furniture & Office Equipment	4,766	3,291	-	8,057
Total accumulated depreciation	<u>80,340</u>	<u>27,444</u>	<u>-</u>	<u>107,784</u>

**NOTE C - RESTRICTED ASSETS**

**Leasehold Building (Princeton)**- When Heaven Sent Ministries, Inc. opened in 1997 the organization was operated out of a room in the Fellowship Baptist Church (Princeton, WV). As HSM grew it became apparent that they needed more space. Per an agreement with Fellowship Baptist Church a building was constructed on property adjacent to the church with an agreement being made that if HSM ever closed or moved that the building would be transferred back to Fellowship Baptist Church. The Building is the property of HSM, however the land is owned by Fellowship Baptist Church and no lien can be made against it.

**Leasehold Building (Ghana)** - Heaven Sent Ministries, Inc. began construction on a Pastors Training Center in Ghana, Africa in January 2006. Currently, Ghana has a land tenure system in place where traditional land-owning authorities (stool chiefs, clan heads and skins) hold allodial (absolute ownership) title to land on behalf of their people. Leases, rentals, and other agreements over a satisfactory period of time for economic/commercial activities are possible and involve permission by the allodial titleholders to use the land. However, the land must revert to the community or the allodial titleholder at the end of the agreement.

**Support Funds** - Currently there are no funds that are classified as support funds.

**Revenue Funds** - Currently there are no formal restrictions on Revenue Funds; however donations were given for pastor and missionary support, continued development of the Pastors Training Center in Ghana, Africa, support of the Hunger Challenge program, local outreach, and to send foreign missionaries abroad to aid in meeting physical needs through evangelism and discipleship as stated in Heaven Sent Ministries mission statement.

**HEAVEN SENT MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For Year Ended December 31, 2012**

**NOTE D - CURRENT LIABILITIES**

Current Liabilities consist primarily of four credit card accounts (Lowe's, Sam's, Advanta MasterCard, Capital One, and American Express) which have varying interest rates.

**NOTE E - RISK MANAGEMENT**

Heaven Sent Ministries, Inc. is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets, errors and omissions; and natural disasters for which Heaven Sent Ministries, Inc. carries general liability insurance for these various risks. Amounts of settlements have not exceeded insurance coverage.

**NOTE F - DEPOSITS AND INVESTMENTS**

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, Heaven Sent Ministries' deposits may not be returned to it. The non-pooled deposits are categorized to give an indication of the level of risk assumed by Heaven Sent Ministries at fiscal year end.

Heaven Sent Ministries has no policy for interest rate risk.

12/31/2012		
Deposit Type	Book Balance	Bank Balance
Insured	74,876	80,097
12/31/2011		
Deposit Type	Book Balance	Bank Balance
Insured	36,869	47,526

**NOTE G - EQUITY CLASSIFICATIONS**

Equity is classified as net assets and displayed in three components:

- a. Restricted net assets -- Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Temporarily restricted -- Consists of net assets with temporary constraints placed on their use either by donors or banks.
- c. Unrestricted net assets -- All other net assets that do not meet the definition of "restricted" or "temporarily restricted".

**NOTE H - COMPARATIVE STATEMENTS**

Certain items on the 2011 statements have been reclassified to make those statements comparable to the 2012 statements.

**HEAVEN SENT MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For Year Ended December 31, 2012**

**NOTE I - BUSINESS AND CREDIT CONCENTRATION**

Heaven Sent Ministries received monies mainly in the form of donations and mission trip revenue. For the year ended December 31, 2012, these sources accounted for \$541,697 (91%) and \$46,363 (8%) of total revenue.

**NOTE J - RELATED PARTY TRANSACTIONS**

During the year, some members of the Board of Directors donated funds and/or services to Heaven Sent Ministries. As of December 31, 2012 no amounts were due from or to any related parties.

**NOTE K - SYSTEM USERS**

For the year ended December 31, 2012, 155 people from other states participated in some type of local mission outreach in West Virginia and 65 people participated in the International Missions program traveling to 9 different countries. Also through Hunger Challenges, Heaven Sent Ministries sent 324,000 meals (1,500 boxes) to 2 different countries.

**NOTE L - BOARD OF DIRECTORS**

Directors of Heaven Sent Ministries, Inc. are nominated by individual board members, if the nomination is accepted their name is placed on the ballot where the entire board can vote. Officers are selected based on a majority vote. The Officers of Heaven Sent Ministries, Inc. at December 31, 2012 were:

Lyle Mullins	President
William C. Bird	Vice President
Thom Mollohan	Treasurer
Anne Amuthavalli	Secretary

**NOTE M - DONATED SERVICES**

The value of donated volunteer services is not reflected in the accompanying financial statements, since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated time to help Heaven Sent Ministries, Inc. carry on distribution and mission functions.

**NOTE N - OPERATING LEASE**

Heaven Sent Ministries, Inc. entered into a noncancelable lease, on 4-23-09, with De Lage Landen Financial Services, Inc in regards to a Konica Minolta C203 copier. Term of the lease is 60 months at \$128.95. Payments are expensed when paid. Remaining payments: 16 months (\$2,063)

**NOTE O - SUBSEQUENT EVENTS**

Subsequent events were reviewed up to the financial statement date of August 30, 2013. Nothing that would have a material affect on the December 31, 2012 financial statements was noted.