

Audited Financial Statements

Heaven Sent Ministries, Inc.

Years Ended December 31, 2016 and 2015

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HEAVEN SENT MINISTRIES, INC.
Years Ended December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors
Heaven Sent Ministries, Inc.
Princeton, West Virginia

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, 2016 and 2015, 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

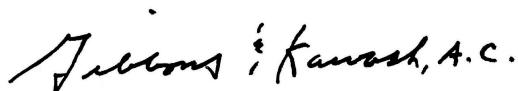
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 December 31, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Charleston, West Virginia
July 18, 2017

HEAVEN SENT MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 156,561	\$ 191,391
Property and equipment, net	<u>621,359</u>	<u>609,741</u>
Total assets	<u>\$ 777,920</u>	<u>\$ 801,132</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 9,359	\$ 13,226
Agency funds payable	36,826	34,169
Payroll liabilities	<u>2,717</u>	<u>4,285</u>
Total liabilities	<u>48,902</u>	<u>51,680</u>
Net assets:		
Unrestricted	640,340	635,350
Temporarily restricted	<u>88,678</u>	<u>114,102</u>
Total net assets	<u>729,018</u>	<u>749,452</u>
Total liabilities and net assets	<u>\$ 777,920</u>	<u>\$ 801,132</u>

The accompanying notes are an integral part of these financial statements.

HEAVEN SENT MINISTRIES, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions	\$ 88,774	\$ -	\$ 88,774
Missionary personnel	140,407	29,396	169,803
Hunger relief	219,955	-	219,955
Mission trips	27,183	-	27,183
Other	6,806	-	6,806
Net assets released from restrictions	<u>54,820</u>	<u>(54,820)</u>	<u>-</u>
 Total revenue	 <u>537,945</u>	 <u>(25,424)</u>	 <u>512,521</u>
 Expenses:			
Compensation	193,160	-	193,160
Food ingredients	62,194	-	62,194
Packaging supplies	11,291	-	11,291
Mission trip travel	21,863	-	21,863
Direct assistance	10,825	-	10,825
Foreign missions support	12,463	-	12,463
Audit fees	9,792	-	9,792
Other fees for services	555	-	555
Advertising and promotion	19,186	-	19,186
Office	32,792	-	32,792
Information technology	13,789	-	13,789
Occupancy	34,884	-	34,884
Travel and meetings	41,249	-	41,249
Conferences and conventions	1,273	-	1,273
Depreciation	31,447	-	31,447
Insurance	4,175	-	4,175
Shipping	19,875	-	19,875
Other ministry	10,618	-	10,618
Miscellaneous	<u>1,524</u>	<u>-</u>	<u>1,524</u>
 Total expenses	 <u>532,955</u>	 <u>-</u>	 <u>532,955</u>
 Increase (decrease) in net assets	 4,990	 (25,424)	 (20,434)
 Net assets, beginning of year	 <u>635,350</u>	 <u>114,102</u>	 <u>749,452</u>
 Net assets, end of year	 <u>\$ 640,340</u>	 <u>\$ 88,678</u>	 <u>\$ 729,018</u>

The accompanying notes are an integral part of these financial statements.

HEAVEN SENT MINISTRIES, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions	\$ 476,932	\$ 65,054	\$ 541,986
Mission trips	55,999	-	55,999
Other	1,980	-	1,980
Net assets released from restrictions	<u>12,946</u>	<u>(12,946)</u>	<u>-</u>
Total revenue	<u>547,857</u>	<u>52,108</u>	<u>599,965</u>
Expenses:			
Compensation	184,262	-	184,262
Food ingredients	61,393	-	61,393
Packaging supplies	25,317	-	25,317
Mission trip travel	42,843	-	42,843
Direct assistance	14,282	-	14,282
Foreign missions support	39,376	-	39,376
Audit fees	2,846	-	2,846
Other fees for services	13,425	-	13,425
Advertising and promotion	13,188	-	13,188
Office	34,304	-	34,304
Information technology	10,733	-	10,733
Occupancy	41,338	-	41,338
Travel and meetings	43,397	-	43,397
Conferences and conventions	449	-	449
Depreciation	29,851	-	29,851
Insurance	4,247	-	4,247
Shipping	9,492	-	9,492
Other ministry	4,531	-	4,531
Miscellaneous	<u>3,722</u>	<u>-</u>	<u>3,722</u>
Total expenses	<u>578,996</u>	<u>-</u>	<u>578,996</u>
Increase (decrease) in net assets	(31,139)	52,108	20,969
Net assets, beginning of year	<u>666,489</u>	<u>61,994</u>	<u>728,483</u>
Net assets, end of year	<u>\$ 635,350</u>	<u>\$ 114,102</u>	<u>\$ 749,452</u>

The accompanying notes are an integral part of these financial statements.

HEAVEN SENT MINISTRIES, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (20,434)	\$ 20,969
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	31,447	29,851
Increase (decrease) in:		
Accounts payable	(3,867)	4,038
Agency funds payable	2,657	-
Accrued expenses and other liabilities	<u>(1,568)</u>	<u>34,490</u>
Net cash provided by operating activities	<u>8,235</u>	<u>102,737</u>
Cash flows used in investing activities:		
Purchase of property, plant, and equipment	<u>(43,065)</u>	<u>(11,992)</u>
Net increase (decrease) in cash and cash equivalents	(34,830)	90,745
Cash and cash equivalents, beginning of year	<u>191,391</u>	<u>100,646</u>
Cash and cash equivalents, end of year	<u>\$ 156,561</u>	<u>\$ 191,391</u>

The accompanying notes are an integral part of these financial statements.

HEAVEN SENT MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESNature of Activities

Heaven Sent Ministries, Inc. (the Organization), a nonprofit corporation established in 1997, was organized as a global endeavor to reach people for Jesus Christ through evangelism, discipleship, and meeting physical needs.

The organization receives the majority of its revenue through donations from individuals, churches, organizations, and businesses, and through facilitating international mission trips. Revenue reported in the financial statements includes all unrestricted donations, mission trip revenue, and monies earned during the normal course of business. When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, and then the unrestricted resources as needed.

Basis of Accounting and Financial Statement Presentation

The financial statements are prepared 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in checking accounts and cash on hand. The Organization places its cash with high-credit quality financial institutions. At times, the balances in such institutions may exceed the FDIC limit.

Property and Equipment

Property and equipment is recorded at cost if purchased or fair value if donated. Depreciation is computed using the straight-line method over useful lives ranging from 5 to 39 years. The Organization's policy is to capitalize assets costing \$1,000 or more.

Net Assets

The Organization has classified its net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Below is a summary of those classifications:

Unrestricted: Assets and contributions that are not restricted by donors or for which restrictions have expired are unrestricted. Additionally, if a restriction is fulfilled in the same period in which the contributions are received, the Organization reports the support as unrestricted.

Temporarily Restricted: Assets and contributions for which the donor has imposed restrictions that require the Organization to use or expend the donated assets according to the restrictions are temporarily restricted. The restrictions are satisfied either by the passage of time or by actions of the Organization.

Contributed Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Volunteers have provided significant services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

HEAVEN SENT MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

Certain estimates and assumptions are required by management in the preparation of the financial statements in accordance with accounting principles generally accepted in the United States. The significant estimates and assumptions that affect the reporting of amounts of assets and liabilities at the balance sheet date and revenues and expenses for the year then ended are those required in the determination of accumulated depreciation and the functional allocation of expenses. Actual results in the near-term could differ from the estimates used to prepare these financial statements.

Income Taxes

The Organization is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is not subject to taxes on income derived from its exempt activities. In addition, the Organization is classified as an organization other than a private foundation.

Advertising and Promotion

Advertising and promotion consists of expenses incurred for printed promotional materials and is expensed as incurred. Total advertising and promotion expense for 2016 and 2015 was \$19,186 and \$13,188, respectively.

Subsequent Events

The date to which events occurring after December 31, 2016, have been evaluated for possible adjustment to or disclosure in the financial statements is July 18, 2017, which is the date the financial statements were available to be issued.

2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Buildings		
Ghana Discipleship Training Center	\$ 250,486	\$ 250,486
Princeton office and warehouse	501,605	501,605
Vehicles	52,515	28,000
Equipment	32,571	28,723
Furniture, fixtures, and computer systems	<u>39,843</u>	<u>37,281</u>
	877,020	846,095
Less accumulated depreciation	<u>255,662</u>	<u>236,354</u>
	<u>\$ 621,358</u>	<u>\$ 609,741</u>

HEAVEN SENT MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - PROPERTY AND EQUIPMENT (Continued)

Buildings

The Princeton, West Virginia office and warehouse is located on land owned by Fellowship Baptist Church. Under its agreement with Fellowship Baptist Church, if the Organization ceases to use the building for its charitable mission, the building will revert to Fellowship Baptist Church.

The Organization has a Discipleship Training Center in Ghana, Africa. Under Ghana's land tenure system, 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. The training center is built on land with a 99 year lease term.

3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2016</u>	<u>2015</u>
Missionary personnel	\$ 72,419	\$ 43,023
Hunger relief	<u>16,259</u>	<u>71,079</u>
	<u>\$ 88,678</u>	<u>\$ 114,102</u>

4 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors, as follows:

	<u>2016</u>	<u>2015</u>
Purpose restrictions accomplished:		
Missionary personnel	\$ 54,820	\$ 9,240
Hunger relief	<u>-</u>	<u>3,706</u>
	<u>\$ 54,820</u>	<u>\$ 12,946</u>

5 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenditures were paid by the Organization for the following programs and supporting services during the years ended December 31:

	<u>2016</u>
Program services:	
Hunger relief	\$ 251,383
International mission trips	46,711
Foreign mission support	35,439
Discipleship and disaster relief	93,187
Management and general	79,881
Fundraising and promotion	<u>26,354</u>
	<u>\$ 532,955</u>

HEAVEN SENT MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - FUNCTIONAL ALLOCATION OF EXPENSES (Continued)

	<u>2015</u>
Program services	\$ 501,596
Management and general	62,496
Fundraising and promotion	<u>14,904</u>
	<u>\$ 578,996</u>

Expenses directly attributable to a particular program or supporting service are classified as such, while certain indirect costs are allocated among the various functions using estimates developed by management.