

HEAVEN SENT MINISTRIES, INC.
AUDITED FINANCIAL STATEMENTS
For Year Ended December 31, 2013

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Hollifield & Associates

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

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September 2, 2014

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, 2013 and 2012, 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, 2013 and 2012, 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.

Hollifield & Associates, AC

Hollifield & Associates, AC

HEAVEN SENT MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2013 and 2012

ASSETS	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	\$ 102,006	\$ 74,888
Accounts Receivable	14,795	58,214
Total Current Assets	116,801	133,102
NONCURRENT ASSETS		
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	29,581	22,049
	808,492	800,960
Less accumulated depreciation	(169,659)	(138,131)
Total Capital Assets	638,833	662,828
TOTAL ASSETS	\$ 755,634	\$ 795,930
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,404	\$ 6,602
Payroll Liabilities	2,558	1,332
Total Current Liabilities	5,962	7,935
LONG TERM DEBT	-	-
TOTAL LIABILITIES	5,962	7,935
NET ASSETS		
Restricted	611,139	630,981
Unrestricted	138,533	157,014
Total Net Assets	749,672	787,996
TOTAL LIABILITIES AND NET ASSETS	\$ 755,634	\$ 795,930

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, 2013 and 2012

	2013	2012
REVENUE		
Donations	\$ 262,055	\$ 352,415
Missionary Support	214,735	189,283
Mission Trip Revenue	45,825	46,363
Other Misc. Revenue	6,796	4,029
Total Revenue	529,411	592,089
EXPENSES		
Salaries and Wages	156,900	134,267
Housing Allowance	12,000	12,000
Contract Labor	17,945	28,342
International Mission Trips	46,329	46,200
Orphan Support	14,260	12,801
Printing & Mailing	12,421	16,762
Food Supplies	60,534	37,875
Freight	24,854	39,141
Packaging Supply	6,641	9,680
Utilities	22,730	18,343
Office Supplies	22,204	22,618
Pastor & Missionary Support	62,473	74,749
Insurance Expense	9,667	7,892
Payroll Taxes	12,003	10,271
Professional Fees	8,699	5,705
Advertising	4,350	2,741
Maintenance & Repairs	5,680	7,256
Vehicle Expense	12,019	7,421
Travel Expense	2,758	954
Discipleship Training	6,205	1,480
Gifts & Memorials	9,373	4,049
Depreciation Expense	31,528	30,347
Miscellaneous Expenses	6,161	9,083
Total Expenses	567,735	539,979
INCREASE (DECREASE) IN NET ASSETS	(38,324)	52,110
Net Assets at beginning of year	787,996	735,885
NET ASSETS AT END OF YEAR	\$ 749,672	\$ 787,996

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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ (38,324)	\$ 52,110
Net (Increase) Decrease in Accounts Receivable	43,419	(38,897)
Net Increase (Decrease) in Accounts Payable	(1,973)	(3,286)
Depreciation Expense	31,528	30,347
Net Cash Provided by Operating Activities	<u>34,651</u>	<u>40,275</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) Decrease in Capital Assets	<u>(7,532)</u>	<u>(2,268)</u>
Net Cash Provided by Investing Activities	(7,532)	(2,268)
CASH FLOWS FROM FINANCING ACTIVITIES:		
	-	-
Net increase (decrease) in cash and cash equivalents	27,119	38,007
Cash and Cash Equivalents at Beginning of Year	<u>74,888</u>	<u>36,881</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 102,006</u>	<u>\$ 74,888</u>

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, 2013**

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	12/31/13 Amount	12/31/13 Interest Rate
Bank of America	Checking	25,222	0%
FCB Operating Accounts	Checking	76,784	0%
Total Cash & Cash Equivalents		102,006	

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.

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.

HEAVEN SENT MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For Year Ended December 31, 2013

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, 2013 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.

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.

NOTE B - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013, was as follows:

	Balance at January 1, 2013	Additions	Retirements & Reclassifications	Balance at Dec. 31, 2013
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	22,049	7,532	-	29,581
Total capital assets	\$ 800,960	\$ 7,532	\$ -	\$ 808,492
Less accumulated depreciation:				
Leasehold Buildings	100,765	16,250	-	117,015
Leasehold Improvement	6,793	3,593	-	10,386
Vehicles	8,025	3,400	-	11,425
Equipment	10,842	3,455	-	14,296
Furniture & Office Equipment	11,707	4,831	-	16,537
Total accumulated depreciation	138,131	31,528	-	169,659

HEAVEN SENT MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For Year Ended December 31, 2013

NOTE B - CAPITAL ASSETS (CONTINUED)

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	<u>\$ 798,692</u>	<u>\$ 2,268</u>	<u>\$ -</u>	<u>\$ 800,960</u>
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	<u>107,784</u>	<u>30,347</u>	<u>-</u>	<u>138,131</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. completed construction on a Pastors Training Center in Ghana, Africa in December 2010. 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, 2013

NOTE D - CURRENT LIABILITIES

Current Liabilities consist primarily of four credit card accounts (Lowe's, Sam's, 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, Inc. at fiscal year end.

Heaven Sent Ministries has no policy for interest rate risk.

12/31/2013		
Deposit Type	Book Balance	Bank Balance
Insured	102,006	100,893
	102,006	100,893
12/31/2012		
Deposit Type	Book Balance	Bank Balance
Insured	74,876	80,097
	74,876	80,097

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 2012 statements have been reclassified to make those statements comparable to the 2013 statements.

HEAVEN SENT MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For Year Ended December 31, 2013

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, 2013, these sources accounted for \$476,790 (90%) and \$45,825 (9%) 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, 2013 no amounts were due from or to any related parties.

NOTE K - SYSTEM USERS

For the year ended December 31, 2013, 60 people participated in short-term international mission trips traveling to 11 different countries, and an average of 20 people each week from the WV Drug Court program received lunch and spiritual encouragement through the Oasis outreach program. Also through Hunger Challenges, Heaven Sent Ministries sent five shipments of food, totaling 606,000 meals, to 4 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, 2013 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 April 23, 2009, 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: 4 months (\$516)

NOTE O - SUBSEQUENT EVENTS

Subsequent events were reviewed up to the financial statement date of September 2, 2014. Nothing that would have a material affect on the December 31, 2013 financial statements was noted.