Audited Financial Statements

Heaven Sent Ministries, Inc.

Year Ended December 31, 2015

GIBBONS & KAWASH
Certified Public Accountants

Audited Financial Statements

HEAVEN SENT MINISTRIES, INC.

Year Ended December 31, 2015

TABLE OF CONTENTS

GIBBONS&KAWASH
Certified Public Accountants

300 Chase Tower
707 Virginia Street, East
Charleston, West Virginia 25301

Office: 304.345.8400
Fax: 304.345.8451

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 statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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, 2015, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 2 to the financial statements, net assets have been restated to reflect certain adjustments necessary to classify net assets based on the presence or absence of donor restrictions.

Gibbons & Kawash, A.C.

Charleston, West Virginia
June 16, 2016

HEAVEN SENT MINISTRIES, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2015

ASSETS		
Cash and cash equivalents	$	191,391
Property and equipment, net		609,741
Total assets	$	801,132
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$	13,226
Agency funds payable		34,169
Payroll liabilities		4,285
Total liabilities		51,680
Net assets:		
Unrestricted		635,350
Temporarily restricted		114,102
Total net assets		749,452
Total liabilities and net assets	$	801,132

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

HEAVEN SENT MINISTRIES, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
Contributions and missionary support	$ 476,932	$ 65,054	$ 541,986
Mission trip donations	55,999	-	55,999
Other	1,980	-	1,980
Net assets released from restrictions	12,946	(12,946)	-
Total revenue	547,857	52,108	599,965
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 expenses	34,304	-	34,304
Information technology	10,733	-	10,733
Occupancy	47,422	-	47,422
Travel and meetings	37,313	-	37,313
Conferences and conventions	449	-	449
Depreciation	29,851	-	29,851
Insurance	4,247	-	4,247
Shipping	9,492	-	9,492
Other ministry expenses	4,531	-	4,531
Miscellaneous	3,722	-	3,722
Total expenses	578,996	-	578,996
Increase (decrease) in net assets	(31,139)	52,108	20,969
Net assets, beginning of year, as restated	666,489	61,994	728,483
Net assets, end of year	$ 635,350	$ 114,102	$ 749,452

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

HEAVEN SENT MINISTRIES, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

Cash flows from operating activities:	
Increase in net assets	$ 20,969
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	29,851
Decrease in accounts receivable	13,389
Increase in:	
Accounts payable	4,038
Accrued expenses and other liabilities	34,490
Net cash provided by operating activities	102,737
Cash flows used in investing activities:	
Purchase of property, plant, and equipment	(11,992)
Net increase in cash and cash equivalents	90,745
Cash and cash equivalents, beginning of year	100,646
Cash and cash equivalents, end of year	$ 191,391

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 POLICIES

Nature 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 uses 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 consolidated financial statements in accordance with generally accepted accounting principles (GAAP). 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 2015 was $13,188.

Subsequent Events

The date to which events occurring after December 31, 2015, have been evaluated for possible adjustment to or disclosure in the financial statements is June 16, 2016, which is the date the financial statements were available to be issued.

2 - PRIOR PERIOD ADJUSTMENT

Net assets have been restated as of January 1, 2015, to reflect certain reclassifications necessary to present net assets in accordance with accounting principles generally accepted in the United States. In the prior period, net assets of $600,518, representing the net book value of buildings constructed on leased land, were incorrectly classified as restricted. Under generally accepted accounting principles, restrictions arising from legal or contractual matters are properly classified as unrestricted. In addition, the Organization determined that net assets of $61,994 as of January 1, 2015, were temporarily restricted by donors for specific purposes, and accordingly, were reclassified as temporarily restricted. The adjustments had no effect on total net assets previously reported.

3 - PROPERTY AND EQUIPMENT

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

Buildings:	
Ghana Discipleship Training Center	$ 250,486
Princeton office and warehouse	501,605
Vehicles	28,000
Equipment	28,723
Furniture and fixtures	37,281
	846,095
Less accumulated depreciation	236,354
	$ 609,741

HEAVEN SENT MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - 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.

4 - TEMPORARILY RESTRICTED NET ASSETS

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

Missionary personnel support	$ 43,023
Hunger relief	71,079
	$ 114,102

5 - NET ASSETS RELEASED FROM RESTRICTIONS

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

Purpose restrictions accomplished:	
Missionary personnel support	$ 9,240
Hunger relief	3,706
	$ 12,946

6 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenditures were paid by the Organization for the following programs and supporting services during the years ended December 31, 2015:

Program services	$ 501,596
Management and general	62,496
Fundraising	14,904
	$ 578,996

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.