

**LIFESONG FOR ORPHANS, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lifesong for Orphans, Inc.  
Gridley, Illinois

We have audited the accompanying financial statements of **Lifesong for Orphans, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, 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 Lifesong for Orphans, Inc. as of June 30, 2021 and 2020, 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.

*Koch Consultants, Ltd.*

January 26, 2022

LIFESONG FOR ORPHANS, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020

	2021	2020
<b>ASSETS</b>		
Cash	\$ 3,502,650	\$ 7,296,592
Mission field advances	674,250	624,136
Investments	20,384,390	8,297,540
Receivable from TMG Foundation (a related party)	124,417	410,941
Prepaid expenses and other	275,720	221,613
Notes receivable	285,829	393,845
Property and equipment, net	17,079,405	15,721,995
	<u>\$ 42,326,661</u>	<u>\$ 32,966,662</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 317,781	\$ 223,708
Accrued expenses and other	110,225	236,344
	<u>428,006</u>	<u>460,052</u>
Net assets		
Without donor restrictions - undesignated	24,620,761	21,511,669
With donor restrictions	17,277,894	10,994,941
	<u>41,898,655</u>	<u>32,506,610</u>
	<u>\$ 42,326,661</u>	<u>\$ 32,966,662</u>

See accompanying notes.

LIFESONG FOR ORPHANS, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
General contributions	\$ 4,635,741	\$ 23,324,413	\$ 27,960,154	\$ 4,793,227	\$ 20,540,553	\$ 25,333,780
Contributions from TMG Foundation	-	2,174	2,174	-	28,042	28,042
Sustainable business income	925,219	-	925,219	741,425	-	741,425
Other income (loss)	208,922	-	208,922	(20,802)	-	(20,802)
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>17,043,634</b>	<b>(17,043,634)</b>	<b>-</b>	<b>18,614,642</b>	<b>(18,614,642)</b>	<b>-</b>
	<u>22,813,516</u>	<u>6,282,953</u>	<u>29,096,469</u>	<u>24,128,492</u>	<u>1,953,953</u>	<u>26,082,445</u>
<b>EXPENSES</b>						
Program services	17,246,922	-	17,246,922	17,374,784	-	17,374,784
Supporting activities						
Management and general	1,111,666	-	1,111,666	975,085	-	975,085
Fund raising	1,345,836	-	1,345,836	1,261,498	-	1,261,498
	<u>2,457,502</u>	<u>-</u>	<u>2,457,502</u>	<u>2,236,583</u>	<u>-</u>	<u>2,236,583</u>
	<u>19,704,424</u>	<u>-</u>	<u>19,704,424</u>	<u>19,611,367</u>	<u>-</u>	<u>19,611,367</u>
<b>CHANGE IN NET ASSETS</b>	<b>3,109,092</b>	<b>6,282,953</b>	<b>9,392,045</b>	<b>4,517,125</b>	<b>1,953,953</b>	<b>6,471,078</b>
<b>NET ASSETS - BEGINNING</b>	<b>21,511,669</b>	<b>10,994,941</b>	<b>32,506,610</b>	<b>16,994,544</b>	<b>9,040,988</b>	<b>26,035,532</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 24,620,761</b>	<b>\$ 17,277,894</b>	<b>\$ 41,898,655</b>	<b>\$ 21,511,669</b>	<b>\$ 10,994,941</b>	<b>\$ 32,506,610</b>

See accompanying notes.

LIFESONG FOR ORPHANS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021

	Adoption Assistance	Orphan and Vulnerable Children Care - International	Orphan and Vulnerable Children Care - Domestic	Sustainable Business	Mission Trips	Total Program Services	Management and General	Fund Raising	Total Supporting Activities	Total Expenses
Salaries and wages	\$ 192,110	\$ 2,703,188	\$ 315,657	\$ 546,244	\$ 14,550	\$ 3,771,749	\$ 654,650	\$ 438,203	\$ 1,092,853	\$ 4,864,602
Employee benefits	17,239	50,453	50,172	4,514	-	122,378	60,103	39,931	100,034	222,412
Payroll taxes	13,655	106,171	19,815	-	-	139,641	45,918	31,254	77,172	216,813
	223,004	2,859,812	385,644	550,758	14,550	4,033,768	760,671	509,388	1,270,059	5,303,827
Grants and allocations	113,500	2,085,635	241,500	2,286	1,000	2,443,921	55,000	-	55,000	2,498,921
Specific assistance	5,399,739	116,783	-	502	-	5,517,024	-	-	-	5,517,024
Professional and other services	19,692	143,369	64,361	8,623	-	236,045	107,771	19,911	127,682	363,727
Office expenses	11,022	49,399	6,176	42,180	15	108,792	28,010	241,001	269,011	377,803
Ministry supplies and services	5,361	1,761,322	213,806	577,129	2,815	2,560,433	-	-	-	2,560,433
Occupancy	49,135	318,617	8,647	150,358	-	526,757	83,846	35,158	119,004	645,761
Conferences and meetings	631	20,185	6,797	-	-	27,613	9,693	19,233	28,926	56,539
Travel	3,232	282,861	23,712	69,429	10,541	389,775	12,250	123,695	135,945	525,720
Marketing and development	-	-	4,987	-	-	4,987	31,068	378,024	409,092	414,079
Miscellaneous	-	3,706	-	4,349	-	8,055	463	5,959	6,422	14,477
Depreciation	26,934	697,017	17,285	648,516	-	1,389,752	22,894	13,467	36,361	1,426,113
	<u>\$ 5,852,250</u>	<u>\$ 8,338,706</u>	<u>\$ 972,915</u>	<u>\$ 2,054,130</u>	<u>\$ 28,921</u>	<u>\$ 17,246,922</u>	<u>\$ 1,111,666</u>	<u>\$ 1,345,836</u>	<u>\$ 2,457,502</u>	<u>\$ 19,704,424</u>

See accompanying notes.

LIFESONG FOR ORPHANS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020

	Adoption Assistance	Orphan and Vulnerable Children Care - International	Orphan and Vulnerable Children Care - Domestic	Sustainable Business	Mission Trips	Total Program Services	Management and General	Fund Raising	Total Supporting Activities	Total Expenses
Salaries and wages	\$ 184,747	\$ 2,628,514	\$ 273,097	\$ 465,334	\$ 18,621	\$ 3,570,313	\$ 587,568	\$ 429,425	\$ 1,016,993	\$ 4,587,306
Employee benefits	12,422	8,162	34,435	-	-	55,019	39,339	49,383	88,722	143,741
Payroll taxes	13,118	71,630	21,692	-	293	106,733	47,304	30,553	77,857	184,590
	210,287	2,708,306	329,224	465,334	18,914	3,732,065	674,211	509,361	1,183,572	4,915,637
Grants and allocations	76,044	1,423,492	246,874	153,868	62,180	1,962,458	45,000	15,200	60,200	2,022,658
Specific assistance	5,982,470	71,685	-	-	-	6,054,155	-	-	-	6,054,155
Professional and other services	8,081	115,320	46,552	12,073	-	182,026	88,290	6,145	94,435	276,461
Office expenses	12,988	40,259	6,245	80,752	15	140,259	27,259	198,546	225,805	366,064
Ministry supplies and services	6,147	1,744,198	380,265	588,897	43,130	2,762,637	-	-	-	2,762,637
Occupancy	20,290	292,429	4,508	118,936	1,628	437,791	62,414	17,621	80,035	517,826
Conferences and meetings	5,762	36,300	5,134	-	-	47,196	5,960	12,309	18,269	65,465
Travel	7,241	308,601	72,374	79,204	312,813	780,233	13,399	132,500	145,899	926,132
Marketing and development	-	-	11,935	-	-	11,935	34,422	349,716	384,138	396,073
Miscellaneous	7,846	18,504	-	9,915	-	36,265	357	6,116	6,473	42,738
Depreciation	27,969	626,953	15,344	557,498	-	1,227,764	23,773	13,984	37,757	1,265,521
	\$ 6,365,125	\$ 7,386,047	\$ 1,118,455	\$ 2,066,477	\$ 438,680	\$ 17,374,784	\$ 975,085	\$ 1,261,498	\$ 2,236,583	\$ 19,611,367

See accompanying notes.



LIFESONG FOR ORPHANS, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 9,392,045	\$ 6,471,078
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,426,113	1,265,521
Contributions restricted for property and equipment	(5,187,722)	(2,401,429)
(Gain) loss on disposal of property and equipment	2,163	324,621
Realized and unrealized (gain) loss on investments	21,258	(50,512)
Forgiveness of notes receivable	9,995	6,658
In-kind donations received	(208,069)	(373,372)
In-kind donations used in programs	199,429	343,372
(Increase) decrease in operating assets		
Receivable from TMG Foundation	286,524	50,667
Prepaid expenses and other	(54,107)	37,832
Advances for field missions	(7,012,721)	(7,290,949)
Advances used in field missions	6,962,607	7,241,070
Increase (decrease) in operating liabilities		
Accounts payable	94,073	(10,350)
Accrued expenses and other	(126,119)	149,333
	5,805,469	5,763,540
Net cash provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of property and equipment	(2,795,094)	(2,468,517)
Proceeds from disposal of property and equipment	18,048	10,832
Purchases of investments	(12,108,108)	(627,681)
Maturities of investments	-	253,757
Notes receivable advances	(67,754)	(155,250)
Notes receivable repayments received	165,775	189,168
	(14,787,133)	(2,797,691)
Net cash used in investing activities		

See accompanying notes.

LIFESONG FOR ORPHANS, INC.  
 STATEMENTS OF CASH FLOWS (CONTINUED)  
 YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for property and equipment	\$ 5,187,722	\$ 2,401,429
Net cash provided by financing activities	5,187,722	2,401,429
CHANGE IN CASH	(3,793,942)	5,367,278
CASH AT BEGINNING OF YEAR	7,296,592	1,929,314
CASH AT END OF YEAR	\$ 3,502,650	\$ 7,296,592
SUPPLEMENTAL DATA		
In-kind contributions of property and equipment	\$ 8,640	\$ 30,000

See accompanying notes.

LIFESONG FOR ORPHANS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Lifesong for Orphans, Inc. (Lifesong) is a nonprofit organization formed to advance the extension of the Kingdom of God throughout the world; to provide charitable assistance to orphans; and to assist other religious and charitable organizations in the fulfillment of similar purposes. Currently, Lifesong's work is focused on the following:

- Adoption assistance program – providing grants and loans to assist in the adoption of orphans by Christian families; providing post-adoption assistance including literature, counseling and training
- Orphan and vulnerable children care program – providing support to orphan and vulnerable children in the United States of America and throughout the world, including –
  - Humanitarian aid to orphanages and to other organizations that provide assistance to orphan and vulnerable children
  - Establishing schools, transition homes and other living quarters for orphans
  - Assisting families and training parents to help preserve and sustain families
  - Biblical training in schools, homes, and orphanages
  - Administrative support to other charitable organizations whose ministries are focused on at-risk children
  - Educating, equipping and supporting mentors to meet the needs of the foster care community
  - Currently, locations outside of the United States of America include Bolivia, Cambodia, Ethiopia, Guatemala, Haiti, India, Liberia, Mexico, Southeast Asia, Tanzania, Uganda, Ukraine, and Zambia
- Sustainable business program – develop sustainable businesses to provide job opportunities for orphans and their caretakers and job skill training to prepare orphans for their future role in society
- Mission trips program – coordination of short-term mission trips to project locations

Basis of Presentation

The financial statements are presented on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenses are recognized when incurred. Lifesong's financial statement presentation reports information regarding its net assets and changes therein according to two classes: without donor restrictions and with donor restrictions.

## Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

## Cash and Mission Field Advances

For purposes of the statement of cash flows, Lifesong considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. As of June 30, 2021 and 2020, Lifesong held no cash equivalents. Lifesong maintained deposits with financial institutions that collectively exceeded the FDIC insured limit by \$3,900 and \$0 as of June 30, 2021 and 2020, respectively. Management has determined collateral protection above the FDIC insurance limit is not necessary.

Periodically, Lifesong advances cash to missionary employees serving at project locations. The missionaries file monthly reports with Lifesong's USA office showing uses of the funds and provide documentation for purchases following guidelines established by Lifesong management. All such foreign activity is included in these financial statements. Advances outstanding as of June 30, 2021 and 2020 totaled \$674,250 and \$624,136, respectively.

## Investments

Investments that do not have readily determinable fair values are reported at cost. All other investments are reported at fair value. When management becomes aware of circumstances under which cost basis investments are permanently impaired, the value of such investments is reduced by the amount that is considered permanently impaired.

## Notes Receivable

Lifesong has entered "covenant agreements" with Christian families who have adopted orphans. The agreements (recorded at face value) are unsecured, interest-free loans that assist the families with paying adoption expenses; repayment terms are on a covenant basis without a firm due date, as the Lord provides for the families. However, in establishing the covenant amounts, Lifesong management is aware of the federal tax refunds each family can reasonably expect (because of the federal adoption tax credit) and believes these refunds will provide the families with readily available resources for repayment.

Because of the nature of these agreements, a relatively small allowance for doubtful accounts has been established totaling \$18,244 and \$25,139 as of June 30, 2021 and 2020, respectively. Management believes all other agreements are fully collectible. When an agreement is deemed uncollectible, it is simply forgiven. During the years ended June 30, 2021 and 2020, agreements totaling \$9,995 and \$6,658, respectively, were forgiven. Management bases its decisions regarding collectability on historical experience and specific knowledge regarding individual agreements.

## Promises to Give

Unconditional promises to give are recognized as contribution receivables and revenues in the period in which Lifesong is notified by the donor (or the donor's estate) of his or her commitment to contribute. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Lifesong uses the allowance method to determine uncollectible unconditional promises to give. The allowance is evaluated on a regular basis by management and is based on historical experience and analysis of specific promises made. There were no contributions receivable outstanding as of June 30, 2021 or 2020.

## Property and Equipment

Property and equipment is stated at cost. Donations of property and equipment are recorded as contributions at estimated fair values on the date of donation. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis as follows:

Office equipment	5 to 7 years
Transportation equipment	5 years
Buildings and improvements	40 years
Land improvements	10 to 20 years
Leasehold improvements	40 years

Management reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Depreciation was \$1,426,113 and \$1,265,521 during the years ended June 30, 2021 and 2020, respectively.

## Refundable Advance

In April of 2020, Lifesong obtained a *Paycheck Protection Program* loan through the U.S. Small Business Administration in the amount of \$443,200 to help mitigate the uncertainty of the global COVID-19 pandemic. All (or a portion) of this loan can be forgiven if the loan is used for certain types of expenses.

During the years ended June 30, 2021 and 2020, Lifesong incurred qualifying expenses of \$292,414 and \$150,786, respectively, and has reported these amounts as part of contribution revenue in the statement of activities. During the year ended June 30, 2021, Lifesong received confirmation that the loan had been forgiven in full. As of June 30, 2020, the original loan balance, less qualifying expenses through June 30, 2020, is reported as a refundable advance totaling \$150,786 and is included as part of accrued expenses and other in the statement of financial position.

## Support and Revenue

Contributions are recognized as revenue when the donor makes a promise to give to Lifesong that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

When received, gifts of property and equipment are reported as support without donor restrictions unless donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with donor restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent donor restrictions regarding the length of time those long-lived assets must be maintained, Lifesong reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

## Fair Value Measurements

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. Fair value is calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

Lifesong reports all financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) in one of the following three levels which are determined by the lowest level input that is significant to the fair value measurements in its entirety.

The levels are:

Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

## Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Certain other categories of expenses are allocated to more than one program or supporting function, including personnel costs, office expenses, occupancy and depreciation. These expenses are allocated on the basis of estimated time, effort or usage. Due to pandemic related impact, program growth was briefly limited; however, Lifesong is already deploying resources and positioned for strong expansion in the coming years.

## Liquidity and Availability of Resources

In the statements of financial position, Lifesong has sequenced its assets based on nearness of conversion to cash. Similarly, Lifesong has sequenced its liabilities based on nearness to maturity and use of cash.

Lifesong's financial assets available for general expenditure within one year of the financial position date are as follows:

	2021	2020
Cash	\$ 3,502,650	\$ 7,296,592
Mission field advances	674,250	624,136
Investments	20,384,390	8,297,540
Receivable from TMG Foundation	<u>124,417</u>	<u>410,941</u>
	<u>\$ 24,685,707</u>	<u>\$ 16,629,209</u>

As reported in the statements of financial position, Lifesong has significant net assets subject to donor restrictions. Included in those restrictions are amounts restricted for specific Church/group/family adoption assistance totaling \$8,645,706 and \$6,875,709 as of June 30, 2021 and 2020, respectively.

In practice, these "funds" are operated similar to donor-advised funds and may or may not be available for general expenditure within one year of the statement of financial position dates. The other donor restrictions on net assets are operational in nature and thus do not place further restrictions on the availability of financial assets. As part of its liquidity management, Lifesong periodically evaluates available cash balances and anticipated cash receipts to determine if its cash levels are sufficient for planned expenses and adjusts planned expenses accordingly to ensure that cash is available to meet all obligations when they come due.

## Income Taxes

Lifesong is a charitable organization as defined in Internal Revenue Code Section 501(c)(3) and is therefore exempt from the payment of income taxes, except for income, if any, unrelated to Lifesong's charitable purpose.

Management has analyzed tax positions taken and believes that income tax filing positions will more-likely-than-not be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on Lifesong's financial position, activities or cash flows. Accordingly, Lifesong has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions as of June 30, 2021 or 2020. Lifesong is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Lifesong believes it is no longer subject to income tax examinations for years prior to 2018.

#### Subsequent Events

Lifesong has evaluated subsequent events through January 26, 2022, the date which the financial statements were available to be issued. Lifesong has not identified any subsequent events requiring disclosure in these financial statements.

#### NOTE 2. INVESTMENTS

Investments consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Cash held in brokerage account	\$ 2,310,680	\$ 1,534,213
Mutual funds, ETFs and CEFs	9,281,566	2,478,416
Corporate fixed income	6,022,294	-
Certificates of deposit	1,269,850	2,784,911
Investment in real estate income fund, at cost	1,000,000	1,000,000
Note receivable from TMG Foundation (a related party), at cost	500,000	500,000
	<u>\$ 20,384,390</u>	<u>\$ 8,297,540</u>

The note receivable from TMG Foundation is due on demand and bears interest at 5.00%.

Certificates of deposit have the following maturity dates as of June 30, 2021 and 2020:

	2021	2020
During the year ended -		
June 30, 2021	\$ -	\$ 1,495,516
June 30, 2022	1,013,845	1,029,988
June 30, 2023	256,005	259,407
	<u>\$ 1,269,850</u>	<u>\$ 2,784,911</u>

All investment activity is approached conservatively, and is overseen by Lifesong's cash management committee of the board of directors.



NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2021 and 2020 consists of:

	2021	2020
Land	\$ 2,480,939	\$ 2,335,939
Land improvements	1,934,655	1,737,941
Buildings and improvements	10,560,661	9,743,334
Transportation equipment	2,134,141	1,982,773
Other equipment	7,007,685	5,737,671
Leasehold improvements	43,341	40,193
Accumulated depreciation	<u>(7,082,017)</u>	<u>(5,855,856)</u>
	<u>\$ 17,079,405</u>	<u>\$ 15,721,995</u>

As of June 30, 2021 and 2020, property and equipment (net of accumulated depreciation) is held at various project locations as follows:

	2021	2020
United States	\$ 321,899	\$ 327,945
Bolivia	-	8,429
Ethiopia	873,820	674,855
Guatemala	1,622,729	1,667,099
Haiti	4,048,096	3,767,960
India	300,051	311,141
Liberia	175,864	173,189
Uganda	229,541	248,013
Ukraine	5,192,852	4,319,844
Zambia	4,314,553	4,223,520
	<u>\$ 17,079,405</u>	<u>\$ 15,721,995</u>

NOTE 4. NET ASSETS

Net assets with donor restrictions as of June 30, 2021 and 2020 are as follows:

	2021	2020
Adoption assistance - specific Church, group, and family funds	\$ 8,645,706	\$ 6,875,709
Orphan and vulnerable children care	<u>8,632,188</u>	<u>4,119,232</u>
	<u>\$ 17,277,894</u>	<u>\$ 10,994,941</u>

During the years ended June 30, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows:

	2021	2020
Adoption assistance - specific Church, group, and family funds	\$ 5,626,644	\$ 5,809,335
Orphan and vulnerable children care	7,708,808	8,766,156
Sustainable business development	2,115,976	1,623,758
Mission trips	27,540	555,578
Payment of management, general, fund raising costs and other	<u>1,564,666</u>	<u>1,859,815</u>
	<u>\$ 17,043,634</u>	<u>\$ 18,614,642</u>

NOTE 5. RELATED PARTY

TMG Foundation

The president of Lifesong’s board of directors is also president of the board of TMG Foundation (TMG), a charitable organization as defined in Internal Revenue Code Section 501(c)(3). As part of its mission, TMG has agreed to contribute funds to Lifesong sufficient to pay for all supporting activity costs that have not already been paid for by other revenue dedicated for this same purpose.

An analysis of activity during the years ended June 30, 2021 and 2020 follows:

	2021	2020
Supporting activities		
Management and general	\$ 1,111,666	\$ 975,085
Fund raising	<u>1,345,836</u>	<u>1,261,498</u>
Total supporting activities	2,457,502	2,236,583
Other net revenues dedicated to pay for these costs	<u>(2,455,328)</u>	<u>(2,208,541)</u>
Remaining amount	<u>\$ 2,174</u>	<u>\$ 28,042</u>

Contributions from TMG during the years ended June 30, 2021 and 2020 totaled \$2,174 and \$28,042, respectively – funding the “remaining amounts” above.

As of June 30, 2021 and 2020, receivable from TMG Foundation totaled \$124,417 and \$410,941, respectively.

As reported in Note 2 above, as of both June 30, 2021 and 2020, a \$500,000 note receivable from TMG is included in investments. Interest receivable related to this investment totaled \$29,178 and \$0 as of June 30, 2021 and 2020, respectively. Interest receivable is included with prepaid expenses and other in the statement of financial position.

As of June 30, 2020, TMG had outstanding notes payable to an individual totaling \$325,000. These notes were issued in conjunction with sustainable business activities by Lifesong at the Bercy, Haiti project location. The notes were secured (guaranteed) by Lifesong property in Bercy, Haiti with a net book value of \$881,180 as of June 30, 2020. During the year ended June 30, 2021, TMG paid these notes payable in full. Thus, Lifesong property no longer serves as security.

TMG Foundation owns the building in which Lifesong operates its ministry. Use of the building is provided free of charge. Management has estimated the value of this free use at \$80,000 during the year ended June 30, 2021. This amount is reported as part of contribution revenue in the statement of activities.

Lifesong provides TMG with services (management and fund raising), supplies, and use of facilities free of charge. Management has determined that the value of these items is not significant and therefore is not included in these financial statements.

#### NOTE 6. RETIREMENT PLAN

Lifesong maintains a defined contribution retirement plan covering all employees that meet certain eligibility requirements. At the discretion of the board of directors, Lifesong may contribute an amount up to 3% of the annual compensation of each plan participant. Contributions to the plan during the years ended June 30, 2021 and 2020 totaled \$61,131 and \$48,605, respectively.

#### NOTE 7. FOREIGN OPERATIONS

Lifesong's program operations conducted in foreign countries are subject to various political, economic and other risks and uncertainties inherent to those countries. During the years ended June 30, 2021 and 2020, Lifesong conducted operations in Bolivia, Cambodia, Ethiopia, Guatemala, Haiti, India, Liberia, Mexico, Southeast Asia, Tanzania, Uganda, Ukraine and Zambia.

Generally, Lifesong works with established, indigenous non-governmental organizations to facilitate property ownership, employment of local personnel and other needs. On occasion (for example – during a "trial period" at a project location), Lifesong may provide support through other U.S. charitable organizations operating in the same location.

Each of these project locations is controlled by Lifesong through Lifesong's establishment and approval of project location annual budgets and the provision of funding. Lifesong provides significant operating and capital funding for each of these project locations. Thus, all such foreign activity is included in these financial statements. Foreign source income of \$971,686 and \$791,742 was received during the years ended June 30, 2021 and 2020, respectively. Foreign currency translation gains/(losses) totaling \$7,896 and \$(53,584) for the years ended June 30, 2021 and 2020, respectively, are included with ministry supplies and services.

Foreign location assets and liabilities as of June 30, 2021 and 2020, respectively, are as follows:

	2021	2020
Mission field advances (disclosed in Note 1)		
Prepaid expenses and other	\$ 49,156	\$ 41,158
Property and equipment (disclosed in Note 3)		
Accounts payable	8,701	77,348

NOTE 8. COMMITMENTS

Lifesong provides matching grants for the adoption of orphans by Christian families. Families must satisfy all conditions of the grant, including raising an equal or greater amount of funds, prior to the money being disbursed. As of June 30, 2021 and 2020, Lifesong had committed to matching grants of \$714,005 and \$412,123, respectively, for which grant conditions had not yet been met.

NOTE 9. FAIR VALUE MEASUREMENTS

There have been no changes in the methodologies used to measure fair values from prior years. Fair values of assets measured on a recurring basis as of June 30, 2021 and 2020 are as follows:

Level 1 – Quoted Prices in Active Markets for Identical Assets

	2021	2020
Cash held in brokerage account	\$2,310,680	\$1,534,213
Mutual funds, ETFs and CEFs	9,281,566	2,478,416
Corporate fixed income	6,022,294	-
Certificates of deposit	1,269,850	2,784,911