



Lifehouse, Inc.

Independent Accountants' Review Report

And Financial Statements

For the Years Ended

December 31, 2019 and 2018

Contents

	Page
Independent Accountants' Review Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6



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Independent Accountants' Review Report

Board of Directors
Lifehouse, Inc.

We have reviewed the accompanying financial statements of Lifehouse, Inc. (a not-for-profit organization) which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Baldwin CPAs, PLLC

Louisville, Kentucky
June 10, 2020

Lifehouse, Inc.
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Cash	\$ 478,675	\$ 398,165
Miscellaneous receivables	-	941
Prepaid expenses	788	144
Investments	-	1,390
Life insurance policy	-	7,607
Land, building and equipment, net	624,315	644,395
Total Assets	\$ 1,103,778	\$ 1,052,642
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 4,671	\$ 1,131
Accrued expenses and withholdings	9,542	6,504
Custodial funds	2,935	-
Total Liabilities	17,148	7,635
Net Assets		
Without donor restrictions	1,086,630	1,036,400
With donor restrictions	-	8,607
Total Net Assets	1,086,630	1,045,007
Total Liabilities and Net Assets	\$ 1,103,778	\$ 1,052,642

Lifehouse, Inc.
Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions and grants	\$ 459,581	\$ -	\$ 459,581	\$ 344,206	\$ 8,607	\$ 352,813
Investment income	2,499	-	2,499	1,778	-	1,778
Realized gain from sale of investments	306	-	306	-	-	-
Special event income	24,030	-	24,030	101,157	-	101,157
Special event expense	(6,692)	-	(6,692)	(76,476)	-	(76,476)
Miscellaneous income	-	-	-	812	-	812
Total Revenue and Support	479,724	-	479,724	371,477	8,607	380,084
Net Assets Released from Restrictions						
Restrictions satisfied by payments	8,607	(8,607)	-	-	-	-
Total Revenue, Support and Reclassifications	488,331	(8,607)	479,724	371,477	8,607	380,084
Expenses						
Program services	280,183	-	280,183	319,340	-	319,340
Management and general	76,432	-	76,432	62,517	-	62,517
Fund raising	81,486	-	81,486	93,353	-	93,353
Total Expenses	438,101	-	438,101	475,210	-	475,210
Change in Net Assets	50,230	(8,607)	41,623	(103,733)	8,607	(95,126)
Net Assets at Beginning of Year	1,036,400	8,607	1,045,007	1,140,133	-	1,140,133
Net Assets at End of year	<u>\$ 1,086,630</u>	<u>\$ -</u>	<u>\$ 1,086,630</u>	<u>\$ 1,036,400</u>	<u>\$ 8,607</u>	<u>\$ 1,045,007</u>

See accompanying notes and independent accountants' review report.

Lifehouse, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2019 and 2018

	2019				2018			
	Program	Management & General	Fund Raising	Total	Program	Management & General	Fund Raising	Total
Salaries and wages	\$ 185,528	\$ 40,605	\$ 55,008	\$ 281,141	\$ 224,324	\$ 42,799	\$ 73,466	\$ 340,589
Payroll taxes	14,183	3,104	4,206	21,493	20,884	3,984	6,840	31,708
Benefits	4,693	1,027	1,391	7,111	4,595	877	1,505	6,977
Contract labor	3,294	-	4,687	7,981	-	-	-	-
Resident education and assistance	1,921	-	-	1,921	-	-	-	-
Professional fees	-	17,207	-	17,207	5,295	1,195	-	6,490
Office expenses	5,963	1,305	1,768	9,036	6,158	1,175	2,017	9,350
Supplies	594	-	-	594	1,952	-	-	1,952
Printing and postage	9,414	2,060	2,792	14,266	4,553	869	1,491	6,913
Telephone	2,956	647	877	4,480	1,717	328	562	2,607
Insurance	7,979	1,084	-	9,063	10,522	935	234	11,691
Utilities	9,796	1,088	-	10,884	9,556	850	212	10,618
Repairs and maintenance	7,328	360	-	7,688	2,620	413	-	3,033
Conferences, travel, and dues	5,719	1,252	1,695	8,666	7,111	1,357	2,328	10,796
Bank fees	-	2,144	-	2,144	-	3,673	-	3,673
Taxes and licenses	1,225	441	-	1,666	-	1,063	-	1,063
Marketing	-	-	8,924	8,924	-	-	4,698	4,698
Miscellaneous	-	1,968	138	2,106	-	1,095	-	1,095
Depreciation	19,590	2,140	-	21,730	20,053	1,904	-	21,957
Special event direct expenses	-	-	6,692	6,692	-	-	76,476	76,476
Total expenses by function	280,183	76,432	88,178	444,793	319,340	62,517	169,829	551,686
Less special event direct expenses	-	-	(6,692)	(6,692)	-	-	(76,476)	(76,476)
Total expenses on statement of activities	\$ 280,183	\$ 76,432	\$ 81,486	\$ 438,101	\$ 319,340	\$ 62,517	\$ 93,353	\$ 475,210
% of total expenses	63.95%	17.45%	18.60%	100.00%	67.20%	13.16%	19.64%	100.00%

See accompanying notes and independent accountants' review report.

Lifehouse, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 41,623	\$ (95,126)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Depreciation	21,730	21,957
Realized and unrealized (gain) loss on investments	(306)	(189)
Donation of life insurance policy	-	(7,607)
Donation of investments	-	(1,189)
(Increase) decrease in operating assets:		
Miscellaneous receivables	941	(941)
Prepaid expenses	(644)	23,663
Increase (decrease) in operating liabilities:		
Accounts payable	3,540	(1,121)
Accrued expenses and withholdings	3,038	5,044
Custodial funds	2,935	-
	72,857	(55,509)
Cash Flows from Investing Activities		
Proceeds from sale of investments	1,696	-
Purchase of investments	-	(12)
Proceeds from life insurance policy	7,607	-
Purchase of equipment	(1,650)	-
	7,653	(12)
Net Increase (Decrease) in Cash	80,510	(55,521)
Cash at Beginning of Year	398,165	453,686
Cash at End of Year	\$ 478,675	\$ 398,165
Supplemental Information:		
Donation of life insurance policy	\$ -	\$ 7,607
Donation of investments	-	1,189

Lifehouse, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies

Organization

Lifehouse, Inc. (Lifehouse) is a not-for-profit organization formed for the purpose of helping women through difficult maternity processes including unwanted pregnancies, partner abuse, or financial issues. Their holistic approach helps satisfy mothers' physical and financial needs as well as their mental and spiritual needs.

A significant portion of the Lifehouse's funding is received from donations from businesses, foundations and individuals.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with regards to financial statements of Not-for-Profit Organizations. Under this guidance, the organization is required to report information regarding its financial position and activities according to two classes of net assets. A description of the net asset categories follows:

Net assets without donor restrictions: expendable funds that are not subject to donor-imposed stipulations or invested in land, building and equipment.

Net assets with donor restrictions: stipulated by donors for specific operating purposes or are restricted by time.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash Policy

Lifehouse considers all cash in deposit accounts as cash for financial statement purposes.

Miscellaneous Receivables

Miscellaneous receivables consist of payroll tax refunds that are expected to be collected within the following year. There is no allowance for uncollectible accounts at December 31, 2018.

Lifehouse, Inc.
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments

The ASC establishes a framework for measuring fair value and expands disclosures required for fair value measurements. It also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels. These levels, in order of lowest to highest priority, are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the organization's own assumptions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Land, Building and Equipment

Lifehouse capitalizes all expenditures for property and equipment in excess of \$750. Purchased property and equipment are carried at cost. Donated property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Land, buildings, and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets.

Custodial Funds

Custodial funds consist of the cash accounts of Lifehouse's residents.

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest, is received and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Lifehouse, Inc.
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

In-kind Materials, Equipment, and Services

Contributions of tangible assets are recognized at their fair market value at date of donation. The amounts are reflected in the accompanying financial statements as an increase the net assets without donor restrictions and are offset by like amounts included in expenses.

Lifehouse receives services from volunteers who give their time to the Lifehouse's programs and fund-raising campaigns but which do not meet the criteria for financial statement recognition.

Expense Allocation

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, most costs have been allocated among the program and supporting services benefited on the basis of estimates of time and effort. Utility costs and depreciation are allocated on a square footage basis.

Income Tax Status

Lifehouse is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Lifehouse qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB ASC 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of activities or accrued in the statement of financial position.

Recently Issued Accounting Standards

For the year ended December 31, 2019, Lifehouse adopted the following Financial Accounting Standards Board's Accounting Standards Updates:

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

Lifehouse, Inc.
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 2 - Concentration of Credit Risk

Cash – Lifehouse cash balances are insured by the Federal Deposit Insurance Corporation. On August 27, 2019, Lifehouse entered into an Insured Cash Sweep (ICS) agreement with Republic Bank to ensure all deposits were FDIC insured. The amount of cash in excess of federally insured limits at December 31, 2018 was \$148,944.

Investments – Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets.

Note 3 - Investments

Lifehouse sold all investments during the year ended December 31, 2019. Investments as of December 31, 2018 consisted of cash and stocks that were stated at fair value based on quoted prices in active markets (all level 1 measurements) and are summarized as follows:

<u>2018</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Cash	\$ 11	\$ 11	\$ -
Common stocks	1,190	1,379	189
	<u>\$ 1,201</u>	<u>\$ 1,390</u>	<u>\$ 189</u>

Note 4 - Land, Building and Equipment

At December 31, 2019, the cost and accumulated depreciation of land, building and equipment were as follows:

	<u>2019</u>	<u>2018</u>
Land and buildings	\$ 779,185	\$ 779,185
Furniture	-	10,783
Equipment	21,676	9,243
Less: accumulated depreciation	<u>(176,546)</u>	<u>(154,816)</u>
Land, building and equipment, net	<u>\$ 624,315</u>	<u>\$ 644,395</u>
Depreciation expense	<u>\$ 21,730</u>	<u>\$ 21,957</u>

Lifehouse, Inc.
Notes to Financial Statements (Continued)
December 31, 2019 and 2018

Note 5 - Net Assets with Donor Restrictions

Lifehouse was the beneficiary of a donor's life insurance policy. The policy holder passed away and the cash was paid to Lifehouse during the year ended December 31, 2019. The life insurance policy had a cash surrender value of \$7,607 as of December 31, 2018.

Note 6 - Liquidity and Availability

The following table reflects Lifehouse's financial assets as of December 31, 2019 and 2018 available for general expenditure within one year.

	2019	2018
Cash	\$ 478,675	\$ 398,165
Accounts receivable	-	941
Investments	-	1,390
	\$ 478,675	\$ 400,496

In addition to financial assets available to meet general expenditures over the year, Lifehouse operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient revenues from current and prior years' gifts.

Note 7 - Subsequent Events

In early 2020, the global coronavirus outbreak hit the United States of America. Lifehouse's overall organization could be negatively impacted by the coronavirus outbreak, but the significance and the duration of the impact cannot be determined at this time.

In April 2020, Lifehouse received a Paycheck Protection Program loan under the CARES Act of approximately \$50,600. This loan bears interest at approximately 1%, due in 60 months and is unsecured. Under the CARES Act, subject to limitations, as defined, these loans may be partially or fully forgiven, depending on specified payroll and other qualified costs for the 24 week period following receipt of loan proceeds.

Management has evaluated subsequent events for recognition or disclosure in the financial statements through June 10, 2020, which was the date at which the financial statements were available to be issued.