

FINANCIAL STATEMENTS



International
Lifeline Fund

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

INTERNATIONAL LIFELINE FUND

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International Lifeline Fund
Washington, D.C.

We have audited the accompanying financial statements of the International Lifeline Fund (Lifeline), which comprise the statements of financial position as of June 30, 2020 and June 30, 2019, and the related statements of activities and changes in net assets, 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 audits 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lifeline as of June 30, 2020 and June 30, 2019, 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.

Gelman Rosenberg & Freedman

October 15, 2020

INTERNATIONAL LIFELINE FUND
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 53,041	\$ 15,156
Grants receivable	528,746	227,224
Advances and other receivables	63,698	36,548
Notes receivable	-	1,351
Inventory	11,282	18,278
Prepaid expenses	<u>5,071</u>	<u>68</u>
Total current assets	<u>661,838</u>	<u>298,625</u>
PROPERTY AND EQUIPMENT		
Buildings	168,478	169,073
Equipment	180,355	178,022
Furniture	25,487	26,080
Vehicles	<u>149,230</u>	<u>149,230</u>
	523,550	522,405
Less: Accumulated depreciation	<u>(357,377)</u>	<u>(347,138)</u>
Net property and equipment	<u>166,173</u>	<u>175,267</u>
Long-term accounts receivable, net	<u>-</u>	<u>46,699</u>
TOTAL ASSETS	<u>\$ 828,011</u>	<u>\$ 520,591</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Note payable	\$ 35,804	\$ -
Accounts payable and accrued expenses	18,357	15,352
Refundable advances	14,606	-
Accrued salaries and related benefits	<u>32,123</u>	<u>-</u>
Total current liabilities	<u>100,890</u>	<u>15,352</u>
LONG-TERM LIABILITIES		
Note payable, net of current portion	<u>52,251</u>	<u>-</u>
Total liabilities	<u>153,141</u>	<u>15,352</u>
NET ASSETS		
Without donor restrictions	69,629	435,736
With donor restrictions	<u>605,241</u>	<u>69,503</u>
Total net assets	<u>674,870</u>	<u>505,239</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 828,011</u>	<u>\$ 520,591</u>

See accompanying notes to financial statements.

INTERNATIONAL LIFELINE FUND

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 473,737	\$ 719,918	\$ 1,193,655
Stove sales, net of cost of goods sold	107,391	-	107,391
Other revenue	34,286	-	34,286
Net assets released from donor restrictions	<u>184,180</u>	<u>(184,180)</u>	<u>-</u>
Total support and revenue	<u>799,594</u>	<u>535,738</u>	<u>1,335,332</u>
EXPENSES			
Program Services:			
Haiti Programs	11,000	-	11,000
Uganda Programs	<u>819,549</u>	<u>-</u>	<u>819,549</u>
Total program services	<u>830,549</u>	<u>-</u>	<u>830,549</u>
Supporting Services:			
Management and General	168,471	-	168,471
Fundraising	<u>119,982</u>	<u>-</u>	<u>119,982</u>
Total supporting services	<u>288,453</u>	<u>-</u>	<u>288,453</u>
Total expenses	<u>1,119,002</u>	<u>-</u>	<u>1,119,002</u>
Changes in net assets before other item	(319,408)	535,738	216,330
OTHER ITEM			
Provision for uncollectible receivables	<u>(46,699)</u>	<u>-</u>	<u>(46,699)</u>
Changes in net assets	(366,107)	535,738	169,631
Net assets at beginning of year	<u>435,736</u>	<u>69,503</u>	<u>505,239</u>
NET ASSETS AT END OF YEAR	<u>\$ 69,629</u>	<u>\$ 605,241</u>	<u>\$ 674,870</u>

INTERNATIONAL LIFELINE FUND

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 763,412	\$ 504,667	\$ 1,268,079
Stove sales, net of cost of goods sold	74,007	-	74,007
Other revenue	34,286	-	34,286
In-kind contribution	1,650	-	1,650
Net assets released from donor restrictions	<u>460,522</u>	<u>(460,522)</u>	<u>-</u>
Total support and revenue	<u>1,333,877</u>	<u>44,145</u>	<u>1,378,022</u>
EXPENSES			
Program Services:			
Haiti Programs	59,054	-	59,054
Uganda Programs	1,047,568	-	1,047,568
Burundi Programs	<u>1,150</u>	<u>-</u>	<u>1,150</u>
Total program services	<u>1,107,772</u>	<u>-</u>	<u>1,107,772</u>
Supporting Services:			
Management and General	77,902	-	77,902
Fundraising	<u>71,644</u>	<u>-</u>	<u>71,644</u>
Total supporting services	<u>149,546</u>	<u>-</u>	<u>149,546</u>
Total expenses	<u>1,257,318</u>	<u>-</u>	<u>1,257,318</u>
Changes in net assets before other item	76,559	44,145	120,704
OTHER ITEM			
Provision for uncollectible receivables	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>
Changes in net assets	(33,441)	44,145	10,704
Net assets at beginning of year	<u>469,177</u>	<u>25,358</u>	<u>494,535</u>
NET ASSETS AT END OF YEAR	<u>\$ 435,736</u>	<u>\$ 69,503</u>	<u>\$ 505,239</u>

INTERNATIONAL LIFELINE FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services			Total Expenses
	Haiti Programs	Uganda Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 4,690	\$ 377,832	\$ 382,522	\$ 92,042	\$ 63,115	\$ 155,157	\$ 537,679
Stoves and related supplies	-	304,176	304,176	-	-	-	304,176
Business operations	9	62,725	62,734	1,473	4,395	5,868	68,602
Facilities and equipment	5,541	128,235	133,776	559	1,923	2,482	136,258
Insurance	-	23,460	23,460	34,515	113	34,628	58,088
Professional fees	742	162,209	162,951	3,234	47,977	51,211	214,162
Taxes	-	3,567	3,567	-	-	-	3,567
Technology	-	9,770	9,770	2,844	1,289	4,133	13,903
Telephone and telecommunications	-	6,260	6,260	1,650	16	1,666	7,926
Training and educational materials	-	(2,415)	(2,415)	-	-	-	(2,415)
Travel expenses	18	47,495	47,513	544	1,154	1,698	49,211
Currency exchange gain/loss	-	411	411	1	-	1	412
Bad debt	-	-	-	31,609	-	31,609	31,609
Subtotal	11,000	1,123,725	1,134,725	168,471	119,982	288,453	1,423,178
Less: Costs of goods sold included with revenues in the statements of activities and changes in net assets	-	(304,176)	(304,176)	-	-	-	(304,176)
TOTAL EXPENSES REPORTED ON THE STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	\$ 11,000	\$ 819,549	\$ 830,549	\$ 168,471	\$ 119,982	\$ 288,453	\$ 1,119,002

See accompanying notes to financial statements.

INTERNATIONAL LIFELINE FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			Supporting Services				
	Haiti Programs	Uganda Programs	Burundi Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 9,928	\$ 364,317	\$ -	\$ 374,245	\$ 30,985	\$ 53,502	\$ 84,487	\$ 458,732
Stoves and related supplies	-	135,543	-	135,543	-	-	-	135,543
Business operations	209	93,624	-	93,833	1,795	11,101	12,896	106,729
Facilities and equipment	24,431	106,309	-	130,740	567	68	635	131,375
Insurance	920	23,251	-	24,171	36,018	404	36,422	60,593
Professional fees	22,336	358,765	-	381,101	4,299	1,627	5,926	387,027
Taxes	-	9,743	-	9,743	-	-	-	9,743
Technology	-	5,700	-	5,700	2,410	1,135	3,545	9,245
Telephone and telecommunications	13	4,901	-	4,914	1,667	11	1,678	6,592
Training and educational materials	-	5,412	-	5,412	-	-	-	5,412
Travel expenses	388	75,492	1,150	77,030	161	3,796	3,957	80,987
Currency exchange gain/loss	829	54	-	883	-	-	-	883
Subtotal	59,054	1,183,111	1,150	1,243,315	77,902	71,644	149,546	1,392,861
Less: Costs of goods sold included with revenues in the statements of activities and changes in net assets	-	(135,543)	-	(135,543)	-	-	-	(135,543)
TOTAL EXPENSES REPORTED ON THE STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	\$ 59,054	\$ 1,047,568	\$ 1,150	\$ 1,107,772	\$ 77,902	\$ 71,644	\$ 149,546	\$ 1,257,318

See accompanying notes to financial statements.

INTERNATIONAL LIFELINE FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 169,631	\$ 10,704
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	36,548	29,565
Gain on disposal of fixed assets	(28,070)	(33,865)
Provision for uncollectible receivables	46,699	110,000
Write-off of note receivable	-	15
(Increase) decrease in:		
Grants receivable	(301,522)	(115,738)
Advances and other receivables	(27,150)	(56,083)
Inventory	6,996	27,196
Prepaid expenses	(5,003)	1,874
Increase (decrease) in:		
Accounts payable and accrued expenses	3,005	(31,562)
Refundable advances	14,606	(9,132)
Accrued salaries and related benefits	<u>32,123</u>	<u>-</u>
Net cash used operating activities	<u>(52,137)</u>	<u>(67,026)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,737)	(17,679)
Sale of property and equipment	<u>2,353</u>	<u>38,218</u>
Net cash provided by investing activities	<u>616</u>	<u>20,539</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	88,055	-
Payments on note receivable	<u>1,351</u>	<u>5,960</u>
Net cash provided by financing activities	<u>89,406</u>	<u>5,960</u>
Net increase (decrease) in cash and cash equivalents	37,885	(40,527)
Cash and cash equivalents at beginning of year	<u>15,156</u>	<u>55,683</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 53,041</u>	<u>\$ 15,156</u>
SCHEDULE OF NONCASH FINANCING TRANSACTIONS		
Note Receivable for Sale of Fixed Asset	<u>\$ -</u>	<u>\$ 6,770</u>

INTERNATIONAL LIFELINE FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Headquartered in Washington, D.C., International Lifeline Fund (Lifeline) seeks to spark catalytic change across the developing world through low-cost and replicable interventions that profoundly improve quality of life. To achieve this goal, Lifeline has focused on two major initiatives since becoming operational in 2006: (1) a water, sanitation and hygiene (WASH) initiative through which Lifeline has (a) constructed and rehabilitated over 370 boreholes that have brought clean drinking water to some 250,000 impoverished Ugandan villagers, and (b) developed and implemented an innovative preventative maintenance model (“Everflow Africa”) which is ensuring continuous water flow in dozens of rural communities in Northern Uganda; and (2) a sustainable cookstove initiative through which Lifeline has distributed and/or sold over 300,000 fuel efficient stoves to impoverished and displaced families from Uganda, Haiti, Sudan, Somalia and Burundi.

Lifeline is breaking the cycle of failed water delivery initiatives through holistic approaches to community development. In each village where Lifeline installs a clean water point, staff members work with the community to elect a Water User Committee (WUC) to be trained on oversight and maintenance procedures. This committee is tasked with creating and enforcing water user bylaws, maintaining the cleanliness of the water point, and collecting water user fees. Lifeline’s Everflow Africa Initiative ensures uninterrupted water flow to participating communities, who in exchange for paying a modest monthly subscription fee, receive (1) periodic visits from an approved pump mechanic; (2) an annual or bi-annual overhaul of their water pump; and (3) the guarantee of a timely emergency repair visit to address any breakdowns that might occur. Through these initiatives, Lifeline engages communities to take an active role in ensuring the safety and continuity of their water delivery systems.

Throughout this time, Lifeline has also been contributing to broader change in the Ugandan energy sector by: (1) developing locally-manufactured stoves at a production rate of 8,000 per month, tailored to the desires and needs of the local population that are affordable for lower-income consumers, (2) establishing distribution channels through which these stoves can be sold, (3) promoting consumer awareness and otherwise nurturing fuel-efficient stove (FES) markets, and (4) custom designing institutional stove to operate on either wood fuel or biomass briquettes.

Lifeline’s contribution has resulted in an average of 42% fuel savings, 475,000 tons of CO₂ saved, 2.38 million trees saved, and 623,000+ Ugandan lives impacted.

In September 2011, after having implemented a humanitarian FES project involving the distribution of 13,000 stoves to over 65,000 people uprooted by the earthquake that devastated Port-au-Prince Haiti, Lifeline commercialized its Haiti stove program. Subsequently, in July 2014, Lifeline integrated its FES operations with a Haitian social enterprise organization, D&E Green Enterprises. Together, Lifeline and D&E have: (1) emerged as Haiti’s largest producer and distributor of FES products, (2) developed a direct sales strategy, including a network of 40 women vendors, which can expand to meet market demand and increase last-mile distribution and (3) built a fully operational “first-of-kind” mechanized production facility in Port-au-Prince that employs local Haitians and has reduced production costs by increasing manufacturing speed and efficiency.

The resulting efforts of Lifeline’s contributions to Haiti are 50,000+ commercial stoves sold, 500 institutional stoves constructed and over 300,000 lives impacted.

INTERNATIONAL LIFELINE FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncement adopted -

During 2020, Lifeline adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. Lifeline adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

Lifeline considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, Lifeline maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Lifeline had \$34,636 and \$7,875, of cash on hand and in financial institutions in foreign countries at June 30, 2020 and June 30, 2019, respectively. The majority of such funds are not insured.

Grants and other receivables -

Grants and other receivables are recorded at their net realizable value, which approximates fair value.

INTERNATIONAL LIFELINE FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Grants and other receivables (continued) -

Management considers all grants and other receivables to be fully collectible within one year, with the exception of amounts classified as long-term accounts receivable, which consist of advances to Lifeline's partner organization in Haiti. The gross advances to the partner totaled \$156,699 at June 30, 2020 and June 30, 2019. Due to the ongoing economic and political instability in Haiti, during 2019, management of Lifeline elected to record a provision against the amounts advanced to its Haitian partner in the amount of \$110,000, resulting in a net advance balance of \$46,699 at June 30, 2019. During 2020, Lifeline, recorded a provision for the remaining \$46,699. Management intends to pursue collection of the balance, and will reverse the provision if any amounts due are received in the future.

Property and equipment -

Property and equipment with unit values in excess of \$1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years for equipment and 27.5 years for buildings.

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the years ended June 30, 2020 and June 30, 2019 totaled \$36,548 and \$29,565, respectively.

Income taxes -

Lifeline is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. Lifeline is not a private foundation.

Uncertain tax positions -

For the years ended June 30, 2020 and June 30, 2019, Lifeline has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Inventory -

Inventory consists of finished stoves, which are recorded at the lower of cost or market value using the first-in, first-out method of inventory under FASB ASC 2015-11 *Simplifying the Measurement of Inventory*.

Foreign currency translation -

The U.S. Dollar ("Dollars") is the functional currency of Lifeline's worldwide operations. Transactions in currencies other than dollars are re-measured into dollars at the rate of exchange in effect during the month of transaction.

Assets and liabilities denominated in non-U.S. currency are translated into Dollars at the exchange rate in effect at the date of the Statements of Financial Position; the effects of these conversions are recorded in the accompanying Statements of Functional Expenses.

INTERNATIONAL LIFELINE FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributions and grants -

Lifeline receives revenue through contributions and grants from various donors. Contributions and grants are recognized in the appropriate category of net assets in the period received. Lifeline performs an analysis of each individual contribution and grant to determine whether the transaction should be recognized in accordance with the contribution rules proscribed by ASU 2018-08, or as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Grants receivable represents amounts due from funding organizations in accordance with the terms and conditions outlined in grant agreements.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Lifeline are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen. The overall potential impact on Lifeline's operations is unknown at this time.

New accounting pronouncements not yet adopted -

FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

INTERNATIONAL LIFELINE FUND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncements not yet adopted (continued) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

Lifeline plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying financial statements.

2. NOTE PAYABLE

On May 4, 2020, Lifeline received loan proceeds in the amount of \$88,055 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first 7 months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. Lifeline intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. Lifeline intends to apply for forgiveness after completing the 24 week spending period. If forgiveness is granted, Lifeline will record revenue from debt extinguishment during the period that forgiveness is approved.

As of June 30, 2020, principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

Year Ending June 30,

2021	\$ 35,804
2022	<u>52,251</u>
	<u>\$ 88,055</u>

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2020 and 2019:

	2020	2019
Uganda Programs	<u>\$ 605,241</u>	<u>\$ 69,503</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2020	2019
Uganda Programs	<u>\$ 184,180</u>	<u>\$ 460,522</u>

INTERNATIONAL LIFELINE FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 53,041	\$ 15,156
Grants receivable	528,746	227,224
Advances and other receivables	63,698	36,548
Notes receivable	<u>-</u>	<u>1,351</u>
Subtotal financial assets available within one year	645,485	280,279
Less: Donor restricted funds	<u>(605,241)</u>	<u>(69,503)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 40,244</u>	<u>\$ 210,776</u>

Lifeline has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2020 and 2019, Lifeline has financial assets equal to approximately one month and two months of operating expenses, respectively.

5. CONCENTRATION OF REVENUE

Approximately 35% and 54% of Lifeline's revenue for the years ended June 30, 2020 and 2019, respectively, was derived from operating grants awarded by Lifeline's Founder and Chairman of the Board. Lifeline has no reason to believe that the relationship with this individual will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect Lifeline's ability to finance ongoing operations.

6. SUBSEQUENT EVENTS

In preparing these financial statements, Lifeline has evaluated events and transactions for potential recognition or disclosure through October 15, 2020, the date the financial statements were issued.

In May 2020, Lifeline applied for a loan from the U.S. Small Business Administration in the amount of \$150,000. Although the effective date of the loan was June 3, 2020, Lifeline did not receive the funds until after fiscal year-end. Interest will accrue at the rate of 2.75% per annum.