FINANCIAL STATEMENTS

International
Lifeline Fund

FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013

INTERNATIONAL LIFELINE FUND

CONTENTS

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, 2014 and 2013, 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.

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, 2014 and 2013, 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

April 29, 2015

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INTERNATIONAL LIFELINE FUND

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2014 AND 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 233,134	$ 306,845
Grants receivable	228,435	168,350
Travel advances and other receivables	3,607	5,894
Inventory	43,694	52,757
Prepaid expenses	9,615	11,893
Total current assets	518,485	545,739
FURNITURE AND EQUIPMENT		
Buildings	140,902	131,905
Equipment	427,567	347,939
Furniture	22,621	12,448
Vehicles	193,916	224,488
Leasehold improvements	26,199	26,199
	811,205	742,979
Less: Accumulated depreciation and amortization	(466,552)	(445,161)
Net furniture and equipment	344,653	297,818
OTHER ASSETS	5,570	8,299
TOTAL ASSETS	**$ 868,708**	**$ 851,856**

LIABILITIES AND NET ASSETS

	2014	2013
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 34,284	$ 31,792
Deferred rent liability (Note 3)	4,360	10,540
Total current liabilities	38,644	42,332
NET ASSETS		
Unrestricted	720,159	809,524
Temporarily restricted (Note 2)	109,905	-
Total net assets	830,064	809,524
TOTAL LIABILITIES AND NET ASSETS	**$ 868,708**	**$ 851,856**

See accompanying notes to financial statements.

INTERNATIONAL LIFELINE FUND

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Contributions and grants	$ 1,266,566	$ 461,273	$ 1,727,839
Stove sales, net	9,101	-	9,101
Other revenue	(26,105)	-	(26,105)
In-kind contribution	94,448	-	94,448
Net assets released from donor restrictions (Note 2)	351,368	(351,368)	-
Total revenue	1,695,378	109,905	1,805,283
EXPENSES			
Program Services:			
Haiti Programs	381,013	-	381,013
Uganda Programs	1,126,975	-	1,126,975
Kenya Programs	75,466	-	75,466
Total program services	1,583,454	-	1,583,454
Supporting Services:			
Management and General	131,904	-	131,904
Fundraising	69,385	-	69,385
Total supporting services	201,289	-	201,289
Total expenses	1,784,743	-	1,784,743
Changes in net assets	(89,365)	109,905	20,540
Net assets at beginning of year	809,524	-	809,524
NET ASSETS AT END OF YEAR	**$ 720,159**	**$ 109,905**	**$ 830,064**

2013		
Unrestricted	Temporarily Restricted	Total
$ 1,616,208	$ 343,583	$ 1,959,791
(19,427)	-	(19,427)
7,696	-	7,696
930	-	930
391,711	(391,711)	-
1,997,118	(48,128)	1,948,990
525,683	-	525,683
1,129,748	-	1,129,748
140,038	-	140,038
1,795,469	-	1,795,469
119,550	-	119,550
47,221	-	47,221
166,771	-	166,771
1,962,240	-	1,962,240
34,878	(48,128)	(13,250)
774,646	48,128	822,774
$ 809,524	**$ -**	**$ 809,524**

INTERNATIONAL LIFELINE FUND

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services			
	Haiti Programs	**Uganda Programs**	**Kenya Programs**	**Total Programs**
Salaries and benefits	$ 172,250	$ 480,296	$ 41,394	$ 693,940
Business operations	23,405	117,671	10,045	151,121
Facilities and equipment	122,598	224,588	7,937	355,123
Insurance	5,581	27,252	778	33,611
Professional fees	36,528	183,234	3,992	223,754
Taxes	1,310	4,973	337	6,620
Technology	2,245	9,964	231	12,440
Telephone and telecommunications	3,615	6,059	699	10,373
Training and educational materials	41	1,949	119	2,109
Travel expenses	11,109	81,870	6,488	99,467
Currency exchange gain/loss	2,331	(10,881)	3,446	(5,104)
	$ 381,013	**$ 1,126,975**	**$ 75,466**	**$ 1,583,454**

Supporting Services			
Management and General	**Fundraising**	**Total Supporting Services**	**Total Expenses**
$ 79,701	$ 45,224	$ 124,925	$ 818,865
3,007	4,400	7,407	158,528
16,789	361	17,150	372,273
17,510	148	17,658	51,269
5,659	13,925	19,584	243,338
3,427	140	3,567	10,187
1,595	1,963	3,558	15,998
(1,077)	97	(980)	9,393
-	-	-	2,109
5,293	3,127	8,420	107,887
-	-	-	(5,104)
$ 131,904	**$ 69,385**	**$ 201,289**	**$ 1,784,743**

See accompanying notes to financial statements.

INTERNATIONAL LIFELINE FUND

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services			
	Haiti Programs	Uganda Programs	Kenya Programs	Total Program Services
Salaries and benefits	$ 275,083	$ 461,821	$ 72,583	$ 809,487
Business operations	25,334	101,048	17,029	143,411
Facilities and equipment	110,682	255,648	8,118	374,448
Insurance	3,072	31,670	1,339	36,081
Professional fees	49,411	109,152	8,267	166,830
Taxes	567	1,182	131	1,880
Technology	7,949	24,539	1,191	33,679
Telephone and telecommunications	4,045	9,088	1,321	14,454
Training and educational materials	219	12,228	2,568	15,015
Travel expenses	48,860	114,525	25,285	188,670
Currency exchange gain/loss	461	8,847	2,206	11,514
	$ 525,683	**$ 1,129,748**	**$ 140,038**	**$ 1,795,469**

Supporting Services							
Management and General		Fundraising		Total Supporting Services		Total Expenses	
$	39,153	$	14,633	$	53,786	$	863,273
	45,776		2,671		48,447		191,858
	7,419		412		7,831		382,279
	11,520		82		11,602		47,683
	9,702		28,437		38,139		204,969
	140		60		200		2,080
	3,183		451		3,634		37,313
	(1,506)		203		(1,303)		13,151
	-		-		-		15,015
	4,163		272		4,435		193,105
	-		-		-		11,514
$	**119,550**	**$**	**47,221**	**$**	**166,771**	**$**	**1,962,240**

INTERNATIONAL LIFELINE FUND

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 20,540	$ (13,250)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	21,391	58,319
Realized loss on sale of investments	-	130
Deferred rent liability	(6,180)	6,360
(Increase) decrease in:		
Grants receivable	(60,085)	64,323
Travel advances and other receivables	2,287	2,197
Inventory	9,063	(29,028)
Prepaid expenses	2,278	(6,668)
Other assets	2,729	(5,600)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,492	18,395
Net cash (used) provided by operating activities	(5,485)	95,178
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(68,226)	(149,560)
Proceeds from sale of investments	-	72,594
Net cash used by investing activities	(68,226)	(76,966)
Net (decrease) increase in cash and cash equivalents	(73,711)	18,212
Cash and cash equivalents at beginning of year	306,845	288,633
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 233,134**	**$ 306,845**

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Based in Washington, D.C., the International Lifeline Fund (Lifeline) is a tax-exempt, non-profit organization, whose mission is to spark catalytic change across the developing world by implementing low-cost and highly replicable interventions that profoundly improve the quality of human life. To achieve this mission, Lifeline is addressing the two conditions most responsible for the plight of impoverished and vulnerable individuals in Sub Saharan Africa and Haiti by providing them with access to clean water and clean, fuel-saving cook-stoves.

Lifeline's vision is a world in which no one is forced to drink contaminated water, cook their food on an open fire or otherwise live without the lifelines people must have to lift themselves out of extreme poverty and improve the quality of their lives. Lifeline's clean water and sanitation (WASH) and fuel-efficient stove (FES) programs use the most cost-effective technologies and self-sustaining interventions.

Since becoming operational in early 2006, Lifeline's clean cooking program has provided some 130,000 fuel-efficient stoves which benefit over 649,000 impoverished and/or displaced persons in Sub-Saharan Africa and Haiti. Over the same period, Lifeline has provided access to clean water and associate hygiene/sanitation training for approximately 163,000 beneficiaries in over 247 rural communities in Uganda, at an average cost of under $10 per person.

While we have been active in many countries, in 2013 our largest activities were in our flagship location of Uganda. Currently, Lifeline operates a clean water program as well as three distinct FES programs which include a commercial, humanitarian and institutional program. Lifeline offers the same three FES stove programs in Haiti. Regrettably, due to mounting security concerns in the Dadaab region, Lifeline's FES program in Kenya is in under review. In the coming fiscal year, our focus will be to strengthen our current programs with an added concentration on growth and organizational development.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

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 $180,914 and $82,015, of cash on hand and in financial institutions in foreign countries at June 30, 2014 and 2013, 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. Management considers all grants and other receivables to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

In-kind contribution -

In-kind contribution consist of stove materials. In-kind contribution are recorded at their fair market value as of the date of the contribution.

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

Furniture and equipment -

Furniture and equipment, which cost in excess of $1,000, are capitalized and stated at cost. Furniture 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. Leasehold improvements are amortized over the remaining life of the lease.

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended June 30, 2014 and 2013 totaled $21,391 and $58,319, respectively.

Income taxes -

Lifeline is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Lifeline is not a private foundation.

Uncertain tax positions -

For the years ended June 30, 2014 and 2013, Lifeline has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

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.

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. Current 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.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of Lifeline and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of Lifeline and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

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

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support 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 temporarily restricted net assets in the accompanying financial statements.

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.

Risks and uncertainties -

Lifeline invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2014 and 2013:

	2014	2013
Haiti Programs	$ 12,067	$ -
Uganda Programs	97,838	-
	$ 109,905	$ -

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

	2014	2013
Haiti Programs	$ 37,933	$ 127,852
Uganda Programs	313,435	219,604
Kenya Programs	-	44,255
	$ 351,368	$ 391,711

3. LEASE COMMITMENTS

Lifeline leased office space under a three-year agreement, which originated on March 1, 2012. Base rent is $18,000 per year, plus a proportionate share of expenses, increasing by a factor of 3% per year.

In August 2014, Lifeline entered a new sub-lease agreement for office space. The term of this sublease originated on September 1, 2014, and ends on March 31, 2018. Base rent is $39,600 per year, increasing by a factor of 5% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statements of Financial Position.

The following is a schedule of the future minimum lease payments:

Year Ending June 30,	
2015	$ 41,580
2016	43,659
2017	45,842
2018	12,033
	$ 143,114

Rent expense (including utilities) for the years ended June 30, 2014 and 2013 was $38,404 and $48,959, respectively. The deferred rent liability was $4,360 and $10,540 at June 30, 2014 and 2013, respectively.

4. CONCENTRATION OF REVENUE

Approximately 69% and 83% of Lifeline's revenue for the years ended June 30, 2014 and 2013, 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.

5. SUBSEQUENT EVENTS

In preparing these financial statements, Lifeline has evaluated events and transactions for potential recognition or disclosure through April 29, 2015, the date the financial statements were issued.