



Mission Lazarus, Inc.
Enriching Mind, Body, & Soul

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2011

COOPER, TRAVIS & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

MISSION LAZARUS, INC.
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DECEMBER 31, 2011

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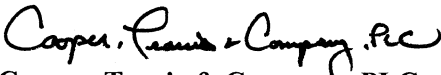
Independent Auditors' Report

**Board of Directors
Mission Lazarus, Inc.
Nashville, Tennessee**

We have audited the accompanying statements of financial position of Mission Lazarus, Inc. (a non-profit organization) as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mission Lazarus, Inc. (a non-profit organization) as of December 31, 2011, and the changes in its net assets, functional expenses and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


Cooper, Travis & Company, PLC
Certified Public Accountants

Nashville, Tennessee
September 20, 2012

MISSION LAZARUS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Current Assets

Cash - unrestricted	\$ 465,586
Accounts receivable - employees	821
Inventory - Note 1(e)	<u>13,425</u>
Total current assets	<u>479,832</u>

Property and Equipment - Note 1(f)

Buildings and improvements	1,215,600
Land	575,585
Vehicles	234,056
Office furniture	77,604
Equipment	<u>45,134</u>
Total property and equipment, at cost	2,147,979
Less: Accumulated depreciation	<u>(446,639)</u>
Total property and equipment, net	<u>1,701,340</u>

Other Assets - Note 2

Construction in progress - program facilities	534,045
Other assets - animals	<u>67,501</u>
Total other assets	<u>601,546</u>
Total assets	<u><u>\$ 2,782,718</u></u>

LIABILITIES AND NET ASSETS

Net Assets - Note 1(b)

Unrestricted	\$ 2,782,718
Total net assets	<u>2,782,718</u>
Total liabilities and net assets	<u><u>\$ 2,782,718</u></u>

See accompanying notes to financial statements.

MISSION LAZARUS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and Revenue</u>				
Contributions	\$ 1,134,313	\$ 1,676,454	\$ -	\$ 2,810,767
Sales	226,120	-	-	226,120
Service revenues	74,152	-	-	74,152
Miscellaneous income	5,596	-	-	5,596
Gain on sales	770	-	-	770
Interest income	86	-	-	86
Funds released from restriction	1,676,454	(1,676,454)	-	-
Total support and revenues	3,117,491	-	-	3,117,491
<u>Expenses</u>				
Program	2,151,235	-	-	2,151,235
Management	151,199	-	-	151,199
Fundraising	59,720	-	-	59,720
Total expenses	2,362,154	-	-	2,362,154
Change in net assets	755,337	-	-	755,337
Net assets at January 1, 2011	2,027,381	-	-	2,027,381
Net assets at December 31, 2011	\$ 2,782,718	\$ -	\$ -	\$ 2,782,718

See accompanying notes to financial statements.

MISSION LAZARUS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011

	<u>Program</u>	<u>Management</u>	<u>Fund Raising</u>	<u>Total</u>
Payroll	\$ 549,622	\$ 68,404	\$ -	\$ 618,026
Food	327,812	-	-	327,812
Depreciation	141,809	-	-	141,809
Construction supplies	120,457	-	-	120,457
Mission group travel	105,783	-	-	105,783
Materials	105,143	-	-	105,143
Other supplies	101,435	-	-	101,435
Mission groups	99,667	-	-	99,667
Repairs and maintenance	94,107	-	-	94,107
Fuel and oil	87,178	-	-	87,178
Rent - Note 3	60,759	12,708	-	73,467
Utilities	62,856	-	-	62,856
Officer's salary	-	52,000	-	52,000
Travel	51,252	-	-	51,252
Taxes	45,361	-	-	45,361
Medicine	35,480	-	-	35,480
Bank fees	30,175	105	-	30,280
Medical fees	27,256	-	-	27,256
Insurance	16,220	7,052	-	23,272
Giving	23,044	-	-	23,044
Advertising	3,090	-	15,872	18,962
Postage and shipping	11,973	-	6,643	18,616
Video production	-	-	15,992	15,992
Other fees	14,091	-	-	14,091
Legal	13,372	-	-	13,372
Fundraising	-	-	13,291	13,291
Miscellaneous	9,916	-	-	9,916
Printing and publications	-	-	7,922	7,922
Educational supplies	5,032	-	-	5,032
Office supplies	-	4,231	-	4,231
Clothing	3,921	-	-	3,921
Tools	3,833	-	-	3,833
Accounting	591	3,200	-	3,791
Website development	-	3,499	-	3,499
Total expenses	<u>\$ 2,151,235</u>	<u>\$ 151,199</u>	<u>\$ 59,720</u>	<u>\$ 2,362,154</u>
Percentage of total expense	<u>91.1%</u>	<u>6.4%</u>	<u>2.5%</u>	<u>100.0%</u>

See accompanying notes to financial statements.

MISSION LAZARUS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011

Cash flows from operating activities:	
Cash received from contributions	\$ 2,810,767
Cash received from sales	256,808
Cash received from service fees charged	74,152
Interest received	86
Other income received	5,596
Cash paid for program expenses	(2,030,842)
Cash paid for management expenses	(151,199)
Cash paid for fund raising expenses	(59,720)
Net cash provided by operating activities	905,648
Cash flows from investing activities:	
Cash paid for purchase of buildings and equipment	(386,402)
Cash paid for construction in progress	(245,465)
Cash received for sale of other assets	2,316
Net cash used for investing activities	(629,551)
Net increase in cash	276,097
Cash at January 1, 2011	189,489
Cash at December 31, 2011	\$ 465,586
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$ 755,337
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	141,809
Gain on sale of assets	(770)
Effect on cash from changes in operating assets and liabilities:	
Accounts receivable	30,688
Inventory	(13,425)
Other current liabilities	(7,991)
Total adjustments	150,311
Net cash provided by operating activities	\$ 905,648

Supplemental schedule of noncash investing and financing activities: None

See accompanying notes to financial statements.

MISSION LAZARUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1 – Summary of Significant Accounting Policies

a. **Nature of Activities**

Mission Lazarus, Inc. (the “Organization”) was organized in 2004 to spread the good news of Jesus Christ in developing nations through development and humanitarian programs that will serve existing and/or new congregations.

This mission has led the Organization to develop many programs within Honduras. The following are some of the most significant programs:

The Mission Lazarus Refuge Children’s Home provides a place of healing for the neglected, orphaned and abandoned children of Honduras.

The Mission Lazarus Hacienda is the working ranch on which the Mission Lazarus Refuge is located. This ranch provides invaluable education for the children of the Refuge who are learning about agriculture and agriculture production. With the large herd of cattle, horses and sheep, as well as crop production, there are many opportunities for education and character building.

The early childhood development centers and vocational schools are educating some of the poorest children in Honduras in some of the roughest communities. The blessing of these schools goes far beyond a secular education, but also provides a place where the children are loved and nourished with two meals a day.

In addition to these valuable programs, Mission Lazarus provides medical assistance to thousands of hurting in marginal, rural, and remote communities in Honduras. The Organization has also planted and continues to mentor twenty-four congregations throughout southern Honduras, spreading the good news of Jesus Christ across the country.

Recently, the Organization has expanded its operations into Haiti. The Organization has purchased a large piece of land in Port Au Prince, Haiti and is beginning construction on a new children’s home to serve the children of Haiti.

b. **Method of Accounting and Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Under accounting standards on Financial Statements of Not-for-profit Organizations, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

MISSION LAZARUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1 – Continued

Unrestricted amounts consist of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services. Unrestricted net assets also include amounts designated for certain purposes by the Board of Directors.

Temporarily restricted amounts are those which are restricted by donors for specific operating purposes and are not currently available for use in the organization's operations until commitments regarding their use have been fulfilled. At December 31, 2011, there were no temporarily restricted net assets.

Permanently restricted amounts are those which are restricted by donors that neither expire by the passage of time nor can be fulfilled or removed by the actions of the Organization. At December 31, 2011, there were no permanently restricted net assets.

c. Combined Financial Statements

The financial statements include the accounts of the Organization and its branches in Honduras and Haiti. All significant interbranch transactions and accounts are eliminated. Foreign currency may be held in foreign banks in Haiti and Honduras. All foreign bank accounts are converted to the United States dollar. All accounting records are maintained in United States currency.

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

e. Inventory

Inventory consists of construction materials and is valued at the lower of cost or market determined by the first-in, first-out method.

f. Property and Equipment

Property and equipment is stated at acquisition cost or, if donated, at the approximate fair value at the date of donation less accumulated depreciation. Depreciation is computed using various accelerated methods over the estimated useful lives of the assets. Expenditures for maintenance and repairs are not capitalized, whereas expenditures for renewals and betterments are generally capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income

The estimated useful life of depreciable property and equipment is as follows:

Buildings and improvements	15 to 30 years
Vehicles	5 years
Office furniture	7 years
Equipment	3 to 5 years

Depreciation expense for the year ended December 31, 2011 amounted to \$141,809.

MISSION LAZARUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1 – Continued

g. Support and Revenue Recognition

Support and revenue is recognized when earned, which may be when cash is received, unconditional promises made, in-kind donations received or when products are sold.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

h. Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization receives a variety of services from volunteers supporting the Organization's mission. The Organization receives more than 22,200 volunteer hours per year.

i. Advertising

The Organization expenses advertising costs as incurred. Advertising expenses for the year ended December 31, 2011 amounted to \$18,962.

j. Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3) as a charitable organization. Since the Organization does not have any unrelated income, it is not required to pay any applicable tax. Therefore, no provision has been made for federal income taxes in the accompanying financial statements. In addition, the Organization 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).

k. Use of Estimates

The preparation of financial statements requires the use of management's estimates that affect the reported amounts of assets and liabilities and reported revenues and expenses. These estimates may require revision in future periods.

l. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, these costs have been allocated between program, management and fundraising expenses.

MISSION LAZARUS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2 – Other Assets

Construction in progress, program facilities includes construction costs directly related to the Organization's exempt purposes, such as the children's home under construction in Haiti and childhood development centers. Other assets include investments in animals and crops for Mission Lazarus Hacienda, the working ranch.

Note 3 – Lease Commitments

The Organization leases office space, equipment, and program related facilities on a month-to-month basis as the need arises. Total rent expense for the year ended December 31, 2011 was \$73,467.

Note 4 - Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash on deposit. The Organization maintains cash balances at several financial institutions located in Tennessee and Honduras. Accounts located in Tennessee institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Accounts located in Honduras institutions are insured by the Fondo de Seguro de Depósitos (FOSEDE) which guarantees repayment of a certain percentage of deposits.

Note 5 – Subsequent Events

The Organization has evaluated subsequent events through September 20, 2012, the date which the financial statements were available to be issued.