

**ELife Church
D.B.A. Experience Life Church**

Financial Statements
and
Independent Auditor's Report

December 31, 2014 and 2013

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Independent Auditor's Report

To the Board of Directors
ELife Church D.B.A. Experience Life Church

We have audited the accompanying financial statements of ELife Church D.B.A. Experience Life Church (the Church), which comprise the statements of financial position as of December 31, 2014 and 2013 and the related statements of activities 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 ELife Church D.B.A. Experience Life Church as of December 31, 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.

Tulsa, Oklahoma
March 16, 2015

Stanfield & O'Dell P.C.

ELife Church
D.B.A. Experience Life Church

Statements of Financial Position

December 31,

	2014	2013
Assets		
Current Assets		
Cash	\$ 1,031,211	\$ 953,636
Prepays and other assets	71,543	108,640
Total current assets	1,102,754	1,062,276
Property and Equipment		
Land	552,363	552,363
Buildings and improvements	6,544,545	6,523,197
Furniture and equipment	1,336,698	990,075
Accumulated depreciation	(1,366,247)	(775,702)
Net property and equipment	7,067,359	7,289,933
Total Assets	\$ 8,170,113	\$ 8,352,209
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 60,530	\$ 59,664
Accrued liabilities	63,997	8,515
Notes payable, current portion	151,636	148,220
Total current liabilities	276,163	216,399
Notes Payable, net of current portion	1,089,257	1,887,337
Total liabilities	1,365,420	2,103,736
Net Assets		
Unrestricted	6,804,693	6,248,473
Total Liabilities and Net Assets	\$ 8,170,113	\$ 8,352,209

The accompanying notes are an integral part of these financial statements.

ELife Church
D.B.A. Experience Life Church

Statements of Activities

Years Ended December 31,

	2014	2013
Revenues and Other Support		
Tithes and offerings	\$ 4,724,384	\$ 4,812,838
Program Expenses		
Ministry expense	3,260,568	2,711,714
Missions	443,704	355,529
Total program expenses	3,704,272	3,067,243
Supporting Services		
Administration	463,892	484,905
Total expenses	4,168,164	3,552,148
Increase in Net Assets	556,220	1,260,690
Net Assets at Beginning of Year	6,248,473	4,987,783
Net Assets at End of Year	\$ 6,804,693	\$ 6,248,473

The accompanying notes are an integral part of these financial statements.

ELife Church
D.B.A. Experience Life Church

Statements of Cash Flows

Years Ended December 31,

	2014	2013
Cash Flows From Operating Activities		
Increase in net assets	\$ 556,220	\$ 1,260,690
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation expense	590,545	454,221
(Increase) decrease in prepaids and other assets	37,097	(62,112)
Increase (decrease) in accounts payable	866	(403,033)
Increase (decrease) in accrued liabilities	55,482	(6,737)
Net cash provided by operating activities	<u>1,240,210</u>	<u>1,243,029</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	<u>(367,971)</u>	<u>(1,482,206)</u>
Cash Flows From Financing Activities		
Advances from notes payable	-	787,577
Payments on notes payable	<u>(794,664)</u>	<u>(577,264)</u>
Net cash provided by (used in) financing activities	<u>(794,664)</u>	<u>210,313</u>
Increase (Decrease) in Cash	77,575	(28,864)
Cash at Beginning of Year	<u>953,636</u>	<u>982,500</u>
Cash at End of Year	<u><u>\$ 1,031,211</u></u>	<u><u>\$ 953,636</u></u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2014 and 2013

Note A - Summary of Significant Accounting Policies

1. Organization and Mission

ELife Church D.B.A. Experience Life Church (the "Church") is incorporated in the State of Texas as a not for-profit religious organization. The Church's function is to provide pastoral leadership and direction in the West Texas area. The vision of the Church is to help people experience all God has for them in this life by experiencing a life-changing relationship with Jesus, by experiencing biblical community, and by experiencing sacrificial service.

The Church is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation and has no information or income tax reporting requirement.

2. Basis of Accounting

The financial statements of the Church have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

3. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

4. Cash

Cash consists of cash on hand, demand deposits and savings accounts. Cash balances from time to time exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Church has not experienced any losses on cash deposits and believes it is not exposed to any significant cash credit risk.

Interest paid during 2014 and 2013 was \$65,902 and \$100,575, respectively.

5. Property and Equipment

Property and equipment are stated at cost. The Church primarily capitalizes purchases exceeding \$2,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings and improvements	15 to 20 years
Furniture and equipment	3 to 10 years

Depreciation expense for 2014 and 2013 was \$590,545 and \$454,221, respectively.

Notes to Financial Statements

December 31, 2014 and 2013

Note A - Summary of Significant Accounting Policies - Continued

6. *Revenue Recognition*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restrictions expire in the same fiscal year in which the contributions are recognized, contributions that are restricted by the donor are reported as increases in unrestricted net assets. Revenues and support for the Church are primarily derived from unrestricted contributions from the Church membership.

7. *Donated Services*

No amounts have been reflected in the financial statements for donated services. The Church pays for most services requiring specific expertise. A large number of people contribute significant amounts of time to the activities of the Church without compensation. The financial statements do not reflect the value of those contributed services.

8. *Advertising Costs*

Advertising costs are expensed as incurred and were approximately \$125,000 and \$156,100 in 2014 and 2013, respectively.

9. *Subsequent Events*

The Church has evaluated subsequent events through March 16, 2015, the date which the financial statements were available to be issued.

Note B - Property and Equipment

In 2010, the Church purchased land on the south side of Lubbock in the amount of \$400,222 for the future site of another Church location. During 2012, the Church began construction of the new building and the construction was completed in 2013. Interest incurred and capitalized during 2013 was approximately \$24,000.

Notes to Financial Statements

December 31, 2014 and 2013

Note C - Long-term Debt

During 2010, the Church entered into a 5-year note payable with South Central Investment Co, LLC for \$445,000. The note carried a fixed annual interest rate of 4.00 percent and required monthly payments of \$2,500, maturing on September 1, 2015. The note was secured by real property and had a balance at December 31, 2013 of \$236,001. During 2014, the note was paid off.

During 2012, the Church entered into a construction loan agreement with a financial institution in the amount of \$4,219,400 for the construction of the Church's Southwest location. The note is secured by real property and had a balance at December 31, 2014 and 2013 of \$1,240,893 and \$1,799,556, respectively. At May 13, 2013, the note converted to a long-term loan agreement with 107 monthly installments due on the 13th of each month with the remaining balance due April 13, 2022. Monthly installments are \$16,787 and are based on a 15 year amortization of amount drawn as of April 13, 2013. The interest rate through April 13, 2018 is at a fixed rate of 4.25% per annum. Beginning April 13, 2018, interest shall adjust to a fixed rate equal to the current "Prime Rate" in the "Money Rate" section of The Wall Street Journal, southwest edition and remain fixed until maturity.

Estimated annual maturities of long-term debt are as follows: \$151,636 due in 2015, \$158,208 due in 2016, \$165,064 due in 2017, \$172,218 due in 2018, \$179,681 due in 2019, and \$414,086 due thereafter.