FAMILY LEGACY MISSIONS INTERNATIONAL

Irving, Texas

Financial Statements

Year Ended December 31, 2015

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Financial Statements
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Legacy Missions International
Irving, Texas

We have audited the accompanying financial statements of Family Legacy Missions International (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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 Family Legacy Missions International as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PSK LLP

Arlington, Texas
April 11, 2016

FAMILY LEGACY MISSIONS INTERNATIONAL
Statement of Financial Position
December 31, 2015

ASSETS

Cash	$ 2,429,773
Due from Affiliate	1,510,000
Property and Equipment	
Furniture	49,656
Equipment	16,954
Vehicle	42,278
Construction in progress	11,101
Less: Accumulated depreciation	(43,359)
Total property and equipment	76,630
Total Assets	$ 4,016,403

LIABILITIES AND NET ASSETS

Accounts Payable and Accrued Expenses	$ 231,730
Notes Payable	1,510,000
Total Liabilities	1,741,730
Unrestricted Net Assets	
Undesignated net assets	1,017,373
Designated net assets	1,257,300
Total unrestricted net assets	2,274,673
Total Liabilities and Net Assets	$ 4,016,403

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

FAMILY LEGACY MISSIONS INTERNATIONAL
Statement of Activities
Year Ended December 31, 2015

Changes in Unrestricted Net Assets:	
Revenues and Other Support	
Cash contributions	$ 16,981,113
Program service revenues	816,798
In-kind contributions	1,751,675
Other income	1,578
Total revenues and other support	19,551,164
Expenses	
Program service expenses	19,309,124
Management and general expenses	720,581
Fundraising expenses	777,772
Total expenses	20,807,477
Change in Net Assets	(1,256,313)
Net Assets at Beginning of Year	3,530,986
Net Assets at End of Year	$ 2,274,673

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

FAMILY LEGACY MISSIONS INTERNATIONAL
Statement of Cash Flows
Year Ended December 31, 2015

Cash Flows From Operating Activities:	
Change in net assets	$ (1,256,313)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	21,105
Donated stock	(760,651)
(Increase) decrease in assets:	
Prepaid expenses	12,627
Due from affiliate	(59,500)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	79,430
Net cash used in operating activities	(1,963,302)
Cash Flows From Investing Activities:	
Proceeds from sale of stock	760,651
Purchase of property and equipment	(22,431)
Net cash provided by investing activities	738,220
Cash Flows From Financing Activities:	
Payments on notes payable	(190,500)
Borrowings on notes payable	250,000
Net cash provided by financing activities	59,500
Change in Cash	(1,165,582)
Cash at Beginning of Year	3,595,355
Cash at End of Year	$ 2,429,773

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

1 - Historical Background

Family Legacy Missions International (the "Organization") is incorporated in the state of Texas as a nonprofit organization. The Organization's mission is to connect American families with the orphaned and vulnerable children of Zambia, Africa to proclaim the gospel, transform lives, and rescue orphans. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

The Organization fulfils the operations of its major programs through the direct financial support of a separate nonprofit organization, Family Legacy Missions Zambia ("FLMZ"), located in Zambia, Africa. FLMZ is separately incorporated and the Organization lacks both control and an economic interest in FLMZ; accordingly, the financial statements of the Organization do not include the financial activities of FLMZ. Expenses reported on the Organization's statement of activities include operating grants provided to FLMZ for the execution of the Organization's major programs.

2 - Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Organization 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. The financial statements of the Organization have been prepared using accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of Presentation - As required by the Not-for-Profit Entities Classification of Net Assets topic of the Financial Accounting Standards Board *Accounting Standards Codification* ("FASB ASC"), the Organization reports 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. All of the Organization's net assets are unrestricted at December 31, 2015.

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. All contributions received by the Organization during the year ended December 31, 2015 were unrestricted.

Revenues and Support - Revenues and support for the Organization are primarily derived from contributions from individuals, churches, foundations and businesses.

In-kind Contributions - In-kind contributions, which are donations of materials, supplies, and facilities, are recognized as support and expenses in the statement of activities. In-kind contributions are recorded at their estimated fair market values at date of receipt. In 2015, in-kind contributions of $1,751,675 have been recorded as both in-kind revenues and expenses.

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

Donated Assets - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of the donation.

FAMILY LEGACY MISSIONS INTERNATIONAL
Notes to Financial Statements

2 - Summary of Significant Accounting Policies (continued)

Use of Estimates - Management used estimates and assumptions in preparing these financial statements in accordance with U.S. GAAP. 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.

Compensated Absences - Employees of the Organization are entitled to paid time off depending on length of service and other factors. The Organization cannot reasonably estimate the amount of compensation for future absences; accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when paid to employees.

Programs - The Organization pursues its objectives through the execution of the following major programs:

Camp LIFE - proclaims the good news of the gospel to Zambian children through American counselors who build relationships and reinforce biblical teaching.

Legacy Academy - transforms the lives of Zambia's orphaned and vulnerable children and caretakers by meeting comprehensive needs to facilitate lasting change.

Tree of Life - rescues children from severe cases of abuse and poverty by placing them in the Children's Village that provides a safe haven for hope and healing.

Cash and Cash Equivalents - The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2015.

Property and Equipment - Property and equipment are recorded at cost, if purchased, and fair market value at date of donation, if contributed. Additions, improvements and major renewals in excess of $5,000 are capitalized. Maintenance, repairs and replacements, which do not extend the lives of the respective assets, are charged to expense when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Furniture	5 years
Equipment	3 years
Vehicle	5 years

Depreciation expense for the year ended December 31, 2015 amounted to $21,105.

Functional Allocation of Expenses - The costs of providing the programs of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Income Taxes - The Organization follows the Income Taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Organization files a Form 990 tax return on an annual basis to report its activities to the Internal Revenue Service. The Organization is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of December 31, 2015, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months. The 2012 through 2015 tax years remain subject to examination by the Internal Revenue Service.

FAMILY LEGACY MISSIONS INTERNATIONAL
Notes to Financial Statements

2 - Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk - The Organization, at times, maintains deposits with financial institutions in excess of federally insured limits. The Organization has not experienced losses in such accounts, and management does not believe the Organization is exposed to any significant credit risk.

3 - Notes Payable

The Organization entered into several note agreements to assist in the timing of cash requirements related to several construction projects that FLMZ is a party to. Each of the notes is payable to individual constituents of the Organization or their related trusts. Each of these loans is unsecured.

The Organization's notes payable are comprised of the following at December 31, 2015:

Note payable in the original principal amount of $700,000, bearing no interest, with annual principal payments of $140,000 due on July 1st of each year until maturity in July 2019. The outstanding balance of this note was $560,000 at December 31, 2015.

Note payable in the original principal amount of $500,000, bearing no interest, with annual principal payments of $33,333 due on December 1st of each year until maturity in December 2029. The outstanding balance of this note was $466,667 at December 31, 2015.

Note payable in the original principal amount of $250,000, bearing no interest, with annual principal payments of $16,667 due on December 31st of each year until maturity in December 2029. The outstanding balance of this note was $233,333 at December 31, 2015.

Note payable in the original principal amount of $250,000 bearing no interest, with annual principal payments of $16,667 due on May 1st of each year until maturity in May 2030. The outstanding balance of this note was $250,000 at December 31, 2015.

Future maturities on notes payable are scheduled as follows:

Year Ending December 31,	
2016	$ 206,667
2017	206,667
2018	206,667
2019	206,667
2020	66,667
Thereafter	616,665
	$ 1,510,000

4 - Designated Funds

The Organization’s management has set aside certain unrestricted net assets for various future expenditures. These designated net assets are available for the following purposes:

FLMZ Operating Grants	$ 1,257,300

FAMILY LEGACY MISSIONS INTERNATIONAL
Notes to Financial Statements

5 - Operating Leases

The Organization leases office equipment under a non-cancelable operating lease. Lease expense under this lease was $16,345 for the year ended December 31, 2015. Future minimum rentals are scheduled as follows:

Year Ending December 31,	
2016	$ 24,535
2017	24,535
2018	22,490

6 - Related Party Transactions

The Organization is obligated under notes payable to certain members of the Board of Directors with a combined total outstanding principal balance of $483,333 at December 31, 2015.

As described in Note 1, the Organization fulfills the operations of its major programs through the direct financial support of FLMZ. During the year ended December 31, 2015, the Organization provided Operating Grants to FLMZ as follows:

Direct funding	$ 9,407,461
Payments to vendors	3,148,601
Purchases of supplies	754,321
In-kind support	1,371,803
	$ 14,682,186

During the year ended December 31, 2015, the Organization also advanced funding of $250,000 to FLMZ as a loan and forgave previous loan funding to FLMZ of $190,500 as an operating grant. Total outstanding loans to FLMZ, recorded as Due from Affiliate on the Organization's statement of financial position, amounted to $1,510,000 as of December 31, 2015.

7 - Subsequent Events

Subsequent events have been evaluated through April 11, 2016, which was the date the financial statements were available to be issued.

Subsequent to year-end, the Organization obtained a note payable in the amount of $1,017,727, bearing no interest, with all principal due and payable on maturity in June 2018.