CONSOLIDATED FINANCIAL STATEMENTS

World Link Ministries, Inc.

Year ended June 30, 2014

World Link Ministries, Inc.

Consolidated Financial Statements

Year ended June 30, 2014

Contents

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Independent Accountants' Review Report

To the Board of Directors
World Link Ministries, Inc. and
WLM Office LLC

We have reviewed the accompanying consolidated statement of financial position of World Link Ministries, Inc., (an Oregon nonprofit organization) and WLM Office LLC, as of June 30, 2014, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 10 to the financial statements, the Organization has suffered recurring reductions in net assets and has a net deficiency in unrestricted net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters also are described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vail + Knauth, LLP

Dallas, Texas
November 5, 2014

World Link Ministries, Inc.

Consolidated Statement of Financial Position

June 30, 2014

ASSETS		
Current Assets		
Cash	$	110,256
Other current assets		9,531
Total current assets		119,787
Total property and equipment, net		37,124
Total Assets	$	156,910
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$	19,412
Current portion of long term debt		7,511
Payroll liabilites		3,435
Total current liabilities		30,358
Long Term Liabilities:		
Long term debt, less current portion		31,433
Total Liabilities		61,791
NET ASSETS		
Unrestricted		(10,218)
Temporarily restricted		105,337
Permanently restricted		-
Total Net Assets		95,119
Total Liabilities and Net Assets	$	156,910

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

World Link Ministries, Inc.

Consolidated Statement of Activities and Changes in Net Assets

Year Ended June 30, 2014

Revenues and Support	**Unrestricted**	**Temporarily Restricted**	**Total**
Contributions and grants	$ 1,308,084	$ -	$ 1,308,084
Donated free use of facility	-	-	-
Net assets released from restrictions	-	-	-
Total Revenue and Support	1,308,084	-	1,308,084
Expenses			
Program services	958,993	-	958,993
Supporting expenses	183,718	-	183,718
Fundraising expenses	131,896	-	131,896
Total Expenses	1,274,607	-	1,274,607
Other Expense (Income)			
Interest income	(71)	-	(71)
Interest expense	342	-	342
Depreciation expense	10,426	-	10,426
Other income	(29,618)	-	(29,618)
Net Other Income	(18,921)	-	(18,921)
Change in Net Assets	52,398	-	52,398
NET ASSETS AT BEGINNING OF YEAR	(62,616)	105,337	42,721
NET ASSETS AT END OF YEAR	$ (10,218)	$ 105,337	$ 95,119

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

World Link Ministries, Inc.

Consolidated Statement of Cash Flows

Year Ended June 30, 2014

Cash Flows From Operating Activities		
Increase (decrease) in total net assets	$	52,398
Gain on sale of property and equipment		(4,646)
Adjustments to reconcile net assets to net cash provided by operations:		
Depreciation expense		10,435
Changes in operating assets and liabilities:		
Other current assets		(3,471)
Accounts payable		701
Payroll liabilities		(1,716)
Net cash provided by operating activities		53,701
Cash Flows From Investing Activities		
Purchase of property and equipment		(45,065)
Net proceeds from sale of property and equipment		17,919
Net cash provided by investing activities		(27,146)
Cash Flows From Financing Activities		
Proceeds from issuance of loans		38,713
Payments on loans		(19,596)
Net cash provided by financing activities		19,117
Net cash increase (decrease) for period		45,672
Beginning cash and cash equivalents		64,584
Ending cash and cash equivalents	$	110,256
Supplemental cash flow information:		
Interest paid	$	342

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

World Link Ministries, Inc.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2014

	Program	Supporting	Fundraising	Total
Automobile expense	$ 13,496	$ -	$ -	$ 13,496
Bank charges	-	9,263	-	9,263
Computers	-	7,256	-	7,256
Contributions	6,471	2,040	-	8,511
Insurance	-	17,233	-	17,233
Other	-	9,065	-	9,065
Overseas operations	300,793	-	-	300,793
Postage	-	-	11,647	11,647
Printing	-	-	4,998	4,998
Professional fees	-	601	10,773	11,374
Property tax	-	-	-	-
Publicity and promotion	-	-	87,825	87,825
Rent	-	-	-	-
Repairs and maintenance	-	-	-	-
Salaries and related expense	290,854	123,280		414,134
Special events	-	-	16,653	16,653
Staff training	262,482	-	-	262,482
Supplies	-	8,133	-	8,133
Telephone	-	6,847	-	6,847
Travel and entertainment	84,897	-	-	84,897
Utilities	-	-	-	-
	$ 958,993	$ 183,718	$ 131,896	$ 1,274,607

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

1. Organization and Nature of Operations

World Link Ministries, Inc. (Organization) is an Oregon nonprofit corporation that is classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code in accordance with an IRS letter dated April 29, 1999.

The Organization was formed in 1993 dedicated to training and deploying national leaders, promoting discipleship, and evangelizing un-churched people. The organization operates a seminary in Spain, SEFOVAN, offering bona fide and accredited associate's, bachelor's, master's, and doctorate degrees. World Link Ministries provides funding, administrative, and management support from its North American headquarters in Irving, Texas, to SEFOVAN in Spain and other ministries in Italy, Romania, Ukraine, North Africa, Equatorial Guinea, Cuba, China, and Mexico.

The Organization in prior years rented its office space from a wholly-owned entity, WLM Office LLC. Under FASB Accounting Standard Codification (FASB ASC) 958-810-50-2, the financial data of this LLC has been consolidated into the World Link Ministries, Inc.'s financial statements.

2. Summary of Significant Accounting Policies

The summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the fairness and objectivity embodied in the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of the Organization are reported 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.

2. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation

These financial statements of the Organization are presented in accordance with FASB ASC 958 requires the Organization to report its financial position and activities using three classes of net assets: temporarily restricted, unrestricted, and permanently restricted. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets – The Organization has no permanently restricted net assets.

Unrestricted net assets represent the portion of expendable funds that are available for support of the Organization's operations. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in the preparation of these financial statements include the assumption in recording depreciation. It is at least reasonably possible that the significant estimates used will change within the next year.

The organization accrued compensated absence for one employee. The organization accrued and calculates compensated absences liability as of June 30, 2014. The compensated absences liability as of June 30, 2014 was considered immaterial; therefore, no compensated absences liability was recorded.

Cash Equivalents

The Organization considers all highly liquid investments with original maturities of ninety days or less to be cash equivalents. At fiscal year end, the Organization held no cash equivalents.

2. Summary of Significant Accounting Policies (continued)

Property and Equipment and Depreciation

Fixed assets are stated at cost, or fair market value at the date the item is donated, less accumulated depreciation. Major expenditures over $1,000, except for computer equipment, and those, which substantially increase useful lives, are capitalized.

Maintenance, repairs and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When furniture or equipment is sold or otherwise disposed of, the asset and related accumulated depreciation is removed, and gain or loss in included in operations.

Depreciation has been calculated using the straight-line method based on the estimated useful lives of the assets as follows:

Building	39 years
Furniture and equipment	5 years
Computer equipment	3 years

Federal Income Taxes

The Organization is a not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Assets and Services

FASB ASC 958-605-25-16 requires the fair value of donated services to be recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. Services that do not meet either of the preceding criteria should not be recognized. Donated services that meet the recognition criteria are to be recorded at their fair value, and should be recognized regardless of whether the organization could afford to purchase the services at fair value.

Volunteers also provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under this provision were not met.

2. Summary of Significant Accounting Policies (continued)

FASB ASC 958-605-55-24 notes that the contribution recorded for the free use of facilities cannot exceed the fair value of the asset being used. (That situation could occur if an organization were promised the long-term use of a facility.) If the facilities will be used over several years, the contribution is recorded as temporarily restricted (because of the time restriction) and measured as (a) the fair rental value of the facilities if the nonprofit organization receives the use of the facilities at no cost or (b) the fair rental value of the facilities less the nonprofit organization's contractual lease obligation if the nonprofit organization receives the use of the facilities at below-market rates. When the time restrictions are met, an amount would be reclassified on the statement of activities as net assets released from restrictions. If the free use of facilities is not promised for a specified period of time, the organization would recognize a contribution and expense for the same amount each period it occupies the free space.

The total of donated free use facilities was $0 in 2014.

3. Property, Plant, and Equipment

The following is a summary of property, plant, and equipment as of June 30, 2014:

Automobile	$	45,065
Furniture and equipment		24,868
		69,933
Accumulated depreciation and amortization		(32,809)
Furniture and equipment, net	$	37,124

Total depreciation expense for the year ended June 30, 2014 was $10,426.

4. Travel Expense

Travel Expense includes all travel expenses for participants participating in short-term trips in the various venues. These funds are raised by the participants and receipted through World Link Ministries. Then the expenses are paid by World Link Ministries. This category also includes the travel of teaching personnel making regular visits to the training centers such as Cuba.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are donations received from individuals, foundations, churches, and private groups, which are designated by the donor for specific expenditures. The temporarily restricted net assets are restricted the use for numerous missionaries and China church development. The temporarily restricted net assets as of June 30, 2014 are as follows:

Perera	$	1
Israel		57
Church Plant		1,000
Fernando		1,500
Elizabeth		1,709
Felix		1,804
Cloud		2,189
Trukillo		8,897
Cuba		23,137
China		65,044
Total temporarily restricted net assets	$	105,337

6. Long-Term Debt

On July 25, 2008, the Organization borrowed $250,000 from Comerica Bank collateralized by the land and building previously occupied by the Organization. The proceeds of the note were used to pay off the Town North Bank of the wholly owned subsidiary WLM Office, LLC and provide working capital for the Organization. The outstanding principal bears interest at 8.5% for the first five years and then changes to the bank's prime rate for the remaining fifteen years. Monthly payments of $2,149 began on August 25, 2008. On July 25, 2012, the organization sold the land and building for $325,000. The proceeds of the sale were used to pay off the remaining outstanding debt of $231,512, the property tax owed of $4,902, and selling expenses of $20,433.

An auto loan was financed with Texas Toyota of Grapevine during 2014. The auto loan bears interest at 1.99% for 72 months. Monthly payments of principal and interest in the amount of $665 began on December 1, 2013.

The principal balance on the remaining note at June 30, 2014 is $38,944.

6. Long-Term Debt (continued)

The principal payments for the next five years are as follows:

2015	$	7,511
2016		7,511
2017		7,511
2018		7,511
Thereafter		8,900
	$	38,944

7. Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, grant receivables, accounts payable and accrued expenses approximates fair value due to the relatively short-term nature of the financial instruments.

The Organization applies the provisions of FASB ASC 820 (formally, SFAS No. 157), *Fair Value Measurements and Disclosures*, for fair value measures of investments that are recognized and disclosed at fair value in the financial statements on a recurring basis. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices for identical instruments in active markets
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant value drivers are observable
- Level 3 – Valuations derived from valuation techniques in which significant value drivers are unobservable

7. Fair Value of Financial Instruments (continued)

Fair values of assets measured on a recurring basis at June 30, 2014 are as follows:

		Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Market for Identical Assets/Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash	$ 12,238	$ 12,238	$ -	$ -
Money Market	98,018	98,018	-	-
Total	$ 110,256	$ 110,256	$ -	$ -

8. Concentrations of Risk

The Organization's support is derived primarily from members who are concentrated in the geographic area where the Organization is located.

9. Concentration of Credit Risk

Funds deposited in banks are federally insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2014, the Organization maintains its cash in various accounts at amounts which are below the federally insured limit.

10. Going Concern

The reviewed financial statements have been prepared assuming that World Link Ministries, Inc. will continue as a going concern, which contemplates realization of assets and the satisfactions of liabilities in the normal course of business for the 12 month period following the date of these financial statements.

The Organization faces liquidity problems as unrestricted net assets at the end of the year remain negative. Although the Organization recognized an increase in unrestricted net assets during 2014, there were consecutive deficits of operation from 2011 to 2013.

To respond to these challenges, management has the following plans:

- The Organization believes that increased focus on fund-raising events will allow the Organization to continue to collect more contributions as is evident by an increase in contributions during the year ended June 30, 2014.
- The Organization believes that these actions will enable the entity to continue as a going concern for the foreseeable future (at least 12 months).

11. Date of Management Review

Subsequent events were evaluated through November 5, 2014, the financial issuance date.