

**CHAMPIONS FOR LIFE
dba BILL GLASS BEHIND THE WALLS**

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2015



SHAREHOLDERS

David B. Epperson
J. Clinton Pugh
Virginia L. DeBrow
John P. Boyd
Tamara Berley
Kurtis N. Smith
Daniel W. DeLaughter
Michael K. Frank
Michael S. Woodruff
—
John W. Saville 1923–1996
—

PRINCIPALS

Ann Searcy

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Champions for Life
dba Bill Glass Behind the Walls
Duncanville, Texas

We have audited the accompanying financial statements of Champions for Life dba Bill Glass Behind the Walls (the "Ministry", a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, 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 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 the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ministry 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Saville, Dodgen & Co.

Saville, Dodgen & Company, P.L.L.C.
Dallas, Texas

January 26, 2016

CHAMPIONS FOR LIFE
dba BILL GLASS BEHIND THE WALLS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 603,521
Receivables	3,448
Inventory	109,149
Other current assets	13,455
Total current assets	<u>729,573</u>

PROPERTY AND EQUIPMENT, net	557,235
-----------------------------	---------

DONATED PROPERTY AND OTHER ASSETS

Life insurance policies, net	<u>92,648</u>
------------------------------	---------------

TOTAL ASSETS	<u><u>\$ 1,379,456</u></u>
--------------	----------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	<u>\$ 41,083</u>
--	------------------

TOTAL CURRENT LIABILITIES	<u>41,083</u>
---------------------------	---------------

NET ASSETS

Unrestricted	1,307,415
Temporarily restricted	30,958
Total net assets	<u>1,338,373</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,379,456</u></u>
----------------------------------	----------------------------

See accompanying independent auditors' report and notes.

CHAMPIONS FOR LIFE
dba BILL GLASS BEHIND THE WALLS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions			
Contributions from individuals and business	\$ 578,045	\$ 139,430	\$ 717,475
Contributions from churches	32,683	85,500	118,183
Contributions from board members and foundations	682,645	121,106	803,751
Grants and outside foundations	357,655	40,000	397,655
Non-cash gifts	664,790	-	664,790
Special event revenue and contributions	89,681	-	89,681
Other income	9,733	-	9,733
Net assets released from restrictions	423,133	(423,133)	-
TOTAL SUPPORT AND REVENUE	<u>2,838,365</u>	<u>(37,097)</u>	<u>2,801,268</u>
EXPENSES			
Program services	2,349,368	-	2,349,368
Management and general	128,823	-	128,823
Fundraising	39,710	-	39,710
TOTAL EXPENSES	<u>2,517,901</u>	<u>-</u>	<u>2,517,901</u>
CHANGES IN NET ASSETS	320,464	(37,097)	283,367
NET ASSETS, beginning of year	<u>986,951</u>	<u>68,055</u>	<u>1,055,006</u>
NET ASSETS, end of year	<u>\$ 1,307,415</u>	<u>\$ 30,958</u>	<u>\$ 1,338,373</u>

See accompanying independent auditors' report and notes.

CHAMPIONS FOR LIFE
 dba BILL GLASS BEHIND THE WALLS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 283,367
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	60,978
Changes in operating account balances:	
Receivables	(170)
Inventory	(14,164)
Other current assets	(3,212)
Cash surrender value of life insurance policies	(1,806)
Accounts payable and accrued expenses	36,361
Net cash provided by operating activities	<u>361,354</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	<u>(59,271)</u>
Net cash used in investing activities	(59,271)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on debt	<u>(114,509)</u>
Net cash used in financing activities	<u>(114,509)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	187,574
CASH AND CASH EQUIVALENTS, beginning of year	<u>415,947</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 603,521</u></u>
 SUPPLEMENTAL DISCLOSURES	
Cash paid for interest	\$ 854
Donated expenses incurred for programs and events	<u>\$ 544,790</u>
Donated services	<u><u>\$ 120,000</u></u>

See accompanying independent auditors' report and notes.

CHAMPIONS FOR LIFE
dba BILL GLASS BEHIND THE WALLS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NATURE OF ORGANIZATION

These financial statements include the accounts of Champions for Life dba Bill Glass Behind the Walls (the “Ministry”), a Texas nonprofit corporation, which is a Christian ministry that assists the Church by equipping and igniting Christians to share their faith in Jesus Christ with a focus on those incarcerated at jails and prisons. The Ministry organizes these activities at “Weekend of Champions” and “Day of Champions” events held at jails and prisons across the country. At these events, thousands of volunteers assist in sharing personal testimonies, provide Christian counseling, and support speaking opportunities. Volunteers also assist with planning and performing numerous logistical tasks.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP). As required by GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets include those economic resources of the Ministry that are expendable for any purpose in performing the primary objectives of the Ministry.

Temporarily restricted net assets include those assets whose use by the Ministry is limited by donor-imposed stipulations that expire through either the passage of time or actions of the Ministry.

Permanently restricted net assets consist of donor-restricted funds maintained in perpetuity. The Ministry does not currently have any permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See accompanying independent auditor’s report.

CHAMPIONS FOR LIFE
dba BILL GLASS BEHIND THE WALLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and highly liquid investments with original maturities of less than three months are considered cash equivalents.

Concentration of Credit Risk

The Ministry has a concentration of credit risk for cash deposits maintained at certain financial institutions which, at times, may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. The Ministry has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk related to cash.

Inventory

Inventory consists, principally, of books, clothing, and other materials, which are either sold or represent “giveaways” related to events and activities carried out by the Ministry. Inventory is valued at the lower of cost or market and is determined on an average cost method.

Other Current Assets

Other current assets consist primarily of prepaid insurance.

Property and Equipment

Property and equipment are recorded at cost if purchased and fair market value if donated. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. Useful lives for property and equipment range from 3 to 7 years and for building and improvements 10 to 30 years. Repair and maintenance costs are expensed as incurred; major betterments and renewals are capitalized.

Management evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized if the assets are not recoverable and the fair value is less than its carrying value.

Donated Property

Donations of property are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

See accompanying independent auditor’s report.

CHAMPIONS FOR LIFE
dba BILL GLASS BEHIND THE WALLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Reclassifications

Contributions not limited by donor-imposed restrictions are reported as increases in unrestricted net assets. Contributions whose use is limited by donor-imposed restrictions are recorded as increases in temporarily restricted net assets.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets restricted at the beginning of the fiscal year (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.

Contributed Services and Volunteer Expenses

Volunteers incur travel, lodging, and meal expenses in order to participate in prison, youth, and related ministry events. Most of these expenses are paid directly by volunteers and are not reimbursed by the Ministry. The Ministry would have to pay for these expenses if they were not provided by the volunteers. As such, these gifts-in-kind donations are recorded as contributions and expenses simultaneously. The amount of these donated volunteer expenses amounted to \$544,790 for the year ended December 31, 2015. An additional \$120,000 of donated professional services by the founder of the ministry is reflected in the financial statements.

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 activities. Certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Ministry is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Ministry has been classified as an organization that is not a private foundation under Section 509(a)(2). Our Forms 990 - *Return of Organization Exempt from Tax*, for the tax years ended in 2013, 2014, and 2015 fall within the statutory period during which they are subject to audit by the Internal Revenue Service.

See accompanying independent auditor's report.

CHAMPIONS FOR LIFE
dba BILL GLASS BEHIND THE WALLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2015, consisted of the following:

Land	\$ 68,000
Building and improvements	886,227
Furniture and fixtures	52,450
Office equipment	3,527
Computer equipment	46,005
Software	151,487
Leased equipment	54,581
Automobiles	64,638
Multi-media equipment	91,929
Website design	36,913
Donated software	22,628
Donated computer equipment	616
Property and equipment, gross	<u>1,479,001</u>
Less accumulated depreciation	<u>(921,766)</u>
Property and equipment, net	<u><u>\$ 557,235</u></u>

Depreciation expense amounted to \$60,978 for the year ended December 31, 2015.

DONATED PROPERTY AND OTHER ASSETS

The Ministry is the owner of two life insurance policies. One life insurance policy insures the founder (related party) of the Ministry and the other insurance policy insures a supporter/devoted volunteer. A portion of the cash surrender value on one of the policies has been advanced to the Ministry in accordance with a policy loan. The cash surrender values of all life insurance policies at December 31, 2015 were as follows:

	<u>Amount</u>
Cash surrender value	\$ 161,867
Loan against policy	<u>(69,219)</u>
Cash surrender value, net	<u><u>\$ 92,648</u></u>

See accompanying independent auditor's report.

CHAMPIONS FOR LIFE
dba BILL GLASS BEHIND THE WALLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NET ASSETS

Temporarily restricted net assets reported at December 31, 2015 consist of \$30,958 in donations restricted to prison ministry events to be held after December 31, 2015.

SIGNIFICANT RISKS, UNCERTAINTIES, AND CONTINGENCIES

The Ministry's funding is primarily from contributions from individuals and businesses, board members and foundations, grants and outside foundations, and non-cash gifts from "teammates". While contributions are received from throughout the United States, continued funding and financial viability of the Ministry is dependent upon general economic conditions and donor support.

RELATED PARTY ACTIVITIES

Board members and related foundations contributed approximately \$803,751 to the Ministry during the year ended December 31, 2015. The Ministry received approximately 29% of its support and revenue from board members and their foundations.

SUBSEQUENT EVENTS

We evaluated events that occurred after the balance sheet date through January 26, 2016, which is different than the date these financial statements were available to be issued, and no event meeting disclosure criteria or requirements was noted.

SUPPLEMENTAL INFORMATION

CHAMPIONS FOR LIFE
dba BILL GLASS BEHIND THE WALLS
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Management and General	Fundraising	Total
Personnel Expense, Wages	\$ 732,127	\$ 26,799	\$ 25,271	\$ 784,197
Personnel Expense, Employee Benefits	68,203	19,869	1,325	89,397
Personnel Expense, Payroll Taxes	44,459	2,476	687	47,622
Professional Fees, Area Directors, and Finance Manager	107,856	10,799	43	118,698
Fees: Bank and Credit Card	4,963	12,589	67	17,619
Conferences and Meetings	9,129	2,948	45	12,122
Inventory Ministry Give Away Expense	18,547	-	-	18,547
Depreciation and Amortization	52,222	4,427	4,329	60,978
Dues and Subscriptions	5,220	1,810	3	7,033
Equipment Rental and Maintenance	30,336	2,281	812	33,429
Event Expense	107,954	-	-	107,954
Honorariums	94,557	150	-	94,707
Insurance	17,594	699	685	18,978
Marketing Fees and Materials	589	-	500	1,089
Occupancy and Mortgage Interest	24,810	1,881	803	27,494
Postage and Shipping	23,493	1,902	186	25,581
Printing and Publications	55,621	1,069	231	56,921
Professional Services	132,108	33,975	3,209	169,292
Software Licensing Fees	2,500	821	39	3,360
Supplies	12,193	2,166	75	14,434
Telephone	31,494	1,950	428	33,872
Tithe and Other Ministries	52,320	-	-	52,320
Travel Expense	721,073	212	972	722,257
Total expenses	<u>\$ 2,349,368</u>	<u>\$ 128,823</u>	<u>\$ 39,710</u>	<u>\$ 2,517,901</u>

See accompanying independent auditors' report.