

GUIDELINES, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2014

CONTENTS

Independent Auditors' Report	2-3
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Notes to Financial Statements	7-10



Independent Auditors' Report

Board of Directors
Guidelines, Inc.
Mission Viejo, California

We have audited the accompanying financial statements of Guidelines, Inc. (a Colorado not-for-profit organization), 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.

Auditors' 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 of 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 controls 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 controls. 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.

400 South Colorado Boulevard, Suite 690 • Denver, Colorado 80246
303 733-3796 • FAX 303 733-6230 • www.pnacpa.com

Opinion

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

Rydstrom + Adams, LLC

October 9, 2015
Denver, Colorado

GUIDELINES, INC.
STATEMENTS OF FINANCIAL POSITION

December 31,	2014	2013
<u>Assets</u>		
Cash and cash equivalents	\$ 747,950	\$ 406,634
Account receivable	65	27,420
Book inventory	9,721	11,497
Investments	967,038	0
Other assets	8,235	7,500
Property and equipment - net of accumulated depreciation	25,631	7,285
Investment in joint venture	<u>0</u>	<u>193,349</u>
Total Assets	<u>\$ 1,758,640</u>	<u>\$ 653,685</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 137	\$ 8,167
Philippines agency funds	<u>17,348</u>	<u>19,633</u>
Total liabilities	<u>17,485</u>	<u>27,800</u>
<u>Net assets</u>		
Unrestricted	1,654,375	486,902
Temporarily restricted	<u>86,780</u>	<u>138,983</u>
Total net assets	<u>1,741,155</u>	<u>625,885</u>
Total Liabilities and Net Assets	<u>\$ 1,758,640</u>	<u>\$ 653,685</u>

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

GUIDELINES, INC.
STATEMENTS OF ACTIVITIES

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>For the Year Ended December 31, 2014:</u>			
<u>Support, Revenue, and Other Gains</u>			
Contributions	\$ 355,271	\$ 372,791	\$ 728,062
Investment income	1,463,082	0	1,463,082
Other income	144,520	0	144,520
Net assets released from restrictions	<u>424,994</u>	<u>(424,994)</u>	<u>0</u>
Total support, revenue, and other gains	<u>2,387,867</u>	<u>(52,203)</u>	<u>2,335,664</u>
<u>Expenses</u>			
Ministry and missions	1,031,766		1,031,766
General and administrative	141,034		141,034
Fundraising	<u>47,594</u>		<u>47,594</u>
Total expenses	<u>1,220,394</u>		<u>1,220,394</u>
Changes in net assets	1,167,473	(52,203)	1,115,270
Net assets at beginning of year	<u>486,902</u>	<u>138,983</u>	<u>625,885</u>
Net assets at end of year	<u>\$ 1,654,375</u>	<u>\$ 86,780</u>	<u>\$ 1,741,155</u>
<u>For the Year Ended December 31, 2013:</u>			
<u>Support, Revenue, and Other Gains</u>			
Contributions	\$ 430,776	\$ 423,949	\$ 854,725
Investment income	262,399	0	262,399
Other income	151,948	0	151,948
Net assets released from restrictions	<u>321,618</u>	<u>(321,618)</u>	<u>0</u>
Total support, revenue, and other gains	<u>1,166,741</u>	<u>102,331</u>	<u>1,269,072</u>
<u>Expenses</u>			
Ministry and missions	858,599		858,599
General and administrative	105,664		105,664
Fundraising	<u>39,349</u>		<u>39,349</u>
Total expenses	<u>1,003,612</u>		<u>1,003,612</u>
Changes in net assets	163,129	102,331	265,460
Net assets at beginning of year	<u>323,773</u>	<u>36,652</u>	<u>360,425</u>
Net assets at end of year	<u>\$ 486,902</u>	<u>\$ 138,983</u>	<u>\$ 625,885</u>

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

GUIDELINES, INC.
STATEMENTS OF CASH FLOWS

<u>For the Years Ended December 31,</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Contributions received	\$ 728,062	\$ 854,725
Cash paid to suppliers and employees	(1,223,692)	(995,015)
Interest and dividends received	25,634	59
Miscellaneous receipts	<u>171,875</u>	<u>126,714</u>
Net cash used in operating activities	<u>(298,121)</u>	<u>(13,517)</u>
Cash flows from investing activities		
Net distribution from joint venture	1,683,032	263,900
Purchase of investments	(1,019,273)	0
Purchase of fixed assets	<u>(24,322)</u>	<u>(768)</u>
Net cash provided by investing activities	<u>639,437</u>	<u>263,132</u>
Net change in cash and cash equivalents	341,316	249,615
Cash and cash equivalents at beginning of year	<u>406,634</u>	<u>157,019</u>
Cash and cash equivalents at end of year	<u>\$ 747,950</u>	<u>\$ 406,634</u>
Reconciliation of changes in net assets to net cash used in operating activities:		
Change in net assets	\$ 1,115,270	\$ 265,460
Reconciling adjustments		
Depreciation	5,976	2,547
Investment gain	(1,437,448)	(262,340)
Change in operating assets and liabilities:		
Inventory and other assets	28,396	(14,632)
Accounts payable and accrued liabilities	<u>(10,315)</u>	<u>(4,552)</u>
Net cash used in operating activities	<u>\$ (298,121)</u>	<u>\$ (13,517)</u>

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

GUIDELINES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Guidelines, Inc. (Organization) is incorporated as a not-for-profit corporation in the State of Colorado. The Organization operates in Mission Viejo, California and provides Christian broadcasting ministries and missions throughout the world.

No provision for income taxes has been made in the accompanying financial statements. Guidelines, Inc. is exempt from income tax under Section 501(c)(3) of the U. S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. Guidelines, Inc. has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Organization's open Internal Revenue Service audit periods are for the years 2011 through 2014. The Organization did not have any material unrelated business income tax liability or significant uncertain tax positions for the years ended December 31, 2014 and 2013.

The significant accounting policies are described below.

Basis of Presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Inventories

Inventories are stated at lower of cost or market value. Cost is determined by the first-in-first-out method, and market value represents the lower of replacement cost or estimated net realized value.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

GUIDELINES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of services shall be recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Capital Assets

Expenditures for property and equipment of \$500 or more are recorded at cost, if purchased, or at fair value on the date of the gift if donated. Depreciation of buildings and equipment is provided using the straight line method over the estimated useful lives of the assets.

Cash Deposits in Excess of Federally Insured Limits

Guidelines, Inc. has determined that current operational cash needs will occasionally result in cash balances in excess of insured limits.

Allocation of Expenses

The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting activities.

Subsequent Events

The Organization's financial statements were available to be issued on October 9, 2015 and this is the date through which subsequent events were evaluated. Management did not identify any subsequent events requiring disclosure.

NOTE 2 - INVESTMENTS

Investment in Joint Venture

The Organization held a 50% interest in real property known as the Laguna Niguel Industrial Center. The other 50% of the joint venture was owned by the President of the Organization and his wife, all as Tenants in Common. In February 2014, the joint venture sold the property and distributed all remaining assets to the owners.

The Organization leased office space from the joint venture on a month to month basis. The Organization paid Laguna Niguel Industrial Center \$18,815 and \$53,100 for rent in 2014 and 2013, and received \$1,683,032 and \$117,000 in owner distributions in 2014 and 2013, respectively.

GUIDELINES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - INVESTMENTS (CONTINUED)

Other Investments

Other investments are carried at fair value, which is based on quoted market prices as of December 31:

	<u>2014</u>	<u>2013</u>
Money market (Level 1)	\$ 23,426	\$ 0
Corporate equities (Level 1)	943,612	0
	<u>\$ 967,038</u>	<u>\$ 0</u>

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

	<u>2014</u>	<u>2013</u>
Composition of investment return:		
Interest and dividends	\$ 25,634	\$ 59
Unrealized loss on other investments	(52,235)	0
Gain on investment in joint venture	1,489,683	262,340
	<u>\$ 1,463,082</u>	<u>\$ 262,399</u>

NOTE 3 - PROPERTY AND EQUIPMENT

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 40,533	\$ 23,738
Accumulated depreciation	(14,902)	(16,453)
	<u>\$ 25,631</u>	<u>\$ 7,285</u>

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from donor restrictions incurring expenses satisfying the restricted purposes as follows:

	<u>2014</u>	<u>2013</u>
Missionaries and staff	\$ 139,202	\$ 116,448
Special projects	285,792	205,170
	<u>\$ 424,994</u>	<u>\$ 321,618</u>

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2014</u>	<u>2013</u>
Missionaries	\$ 732	\$ 9,080
Special projects	86,048	129,903
	<u>\$ 86,780</u>	<u>\$ 138,983</u>

NOTE 5 - RELATED PARTY TRANSACTIONS AND CONCENTRATIONS

A Board Member contributed 16% of total contributions for the year 2014. Also, see “Investment In Joint Venture” in Note 2.

GUIDELINES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - ENDOWMENTS

The Organization has several term-endowments related to its mission projects. As required by the generally accepted accounting principles, net assets associated with the endowment funds, including term-endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted and temporarily restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted and term-endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Organization and the donor restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

The Organization does not currently possess any permanent endowments. Changes in term-endowments for the years ended December 31, 2014 and 2013, are reflected in the statements of activities.