

Gospel Light Mennonite Church  
Medical Aid Plan, Inc.  
DBA Liberty HealthShare  
Financial Statements  
Year Ended December 31, 2018

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

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To the Board of Trustees of  
Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty HealthShare

We have audited the accompanying financial statements of Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty HealthShare, (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, 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.

### Auditor's 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 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 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 statement.

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 Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty HealthShare, as of December 31, 2018, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Sullivan & Company, LLC*

Akron, Ohio  
February 6, 2020

Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty HealthShare  
Statement of Financial Position  
December 31, 2018

ASSETS	
Cash	\$2,362,064
Accounts receivable	2,605,069
Prepaid expense	<u>8,520</u>
TOTAL ASSETS	<u>\$4,975,653</u>
LIABILITIES	
Accounts payable - Trade	\$ 4,358
Accounts payable - Related party	207,329
Member refunds payable	<u>2,265</u>
TOTAL LIABILITIES	<u>213,952</u>
NET ASSETS	
Without donor restrictions	<u>4,761,701</u>
TOTAL NET ASSETS	<u>4,761,701</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$4,975,653</u>

See accompanying notes.

Gospel Light Mennonite Church Medical Aid Plan, Inc.  
 DBA Liberty HealthShare  
 Statement of Activities  
 Year Ended December 31, 2018

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues and gains	
Gifts and offerings	\$ 146,607
Member dues	57,445,711
Interest income	123
Other Income	<u>4,318,305</u>

TOTAL REVENUES AND GAINS 61,910,746

EXPENSES

(See Note D) 58,723,816

TOTAL EXPENSES 58,723,816

INCREASE IN  
 NET ASSETS WITHOUT DONOR RESTRICTIONS 3,186,930

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

INCREASE IN  
 NET ASSETS WITH DONOR RESTRICTIONS           -

INCREASE IN NET ASSETS 3,186,930

NET ASSETS AT BEGINNING OF YEAR 1,574,771

NET ASSETS AT END OF YEAR \$ 4,761,701

See accompanying notes.

Gospel Light Mennonite Church Medical Aid Plan, Inc.  
 DBA Liberty HealthShare  
 Statement of Cash Flows  
 Year Ended December 31, 2018.

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in net assets	\$ 3,186,930
Adjustments to reconcile increase in net assets to net cash used by operating activities	
Depreciation and amortization	-
(Increase) Decrease in operating assets	(2,432,931)
Due from Vendors	( 8,520)
Prepaid expense	
Increase (Decrease) in operating liabilities	52,301
Due to Vendors	<u>52,301</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>797,780</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
NET CASH USED BY INVESTING ACTIVITIES	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
NET CASH USED BY FINANCING ACTIVITIES	<u>-</u>
INCREASE (DECREASE) IN CASH	797,780
CASH, beginning of year	<u>1,564,284</u>
CASH, end of year	<u>\$ 2,362,064</u>

See accompanying notes.

Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty HealthShare  
Notes to Financial Statements  
December 31, 2018

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty HealthShare (the Organization), is a not-for-profit organization that provides emotional and financial support to Christians during times of need. Participants share in the medical and end of life costs of other members who have joined together to aid each other. The organization serves participants located throughout the United States who have a desire to share medical costs with other like-minded Americans. Participants are asked to share monthly and assistance will be provided when needed. See Note B.

New Accounting Pronouncement

On August 18, 2016 FASB issued ASU 2016-14, Not-for-Profit Entities Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Gospel Light Mennonite Church Medical Aid Plan, Inc. has adjusted the presentation of these statements accordingly.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with 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.

Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty HealthShare  
Notes to Financial Statements  
December 31, 2018

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONT.)

Revenue Recognition

Funds received from members are deposited in two types of accounts. The portion of member payments which are designated as administrative charges are deposited in the Organization's operating accounts and recorded as income. The portion of member payments which are designated as member sharing funds are deposited in member sharing accounts. These funds are not owned by the Organization and are not recorded as income. They are kept separate in "member sharing" accounts to be used only for sharing health care and end of life expenses. Contributions received are recorded as revenues with donor restrictions or revenues without donor restrictions depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Accounts Receivable

The accounts receivable recorded on the Statement of Financial Position are monthly share amounts due from active members of Gospel Light Mennonite Church Medical Aid Plan, Inc. that have not yet been collected.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty HealthShare  
Notes to Financial Statements  
December 31, 2018

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONT.)

The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they are filed.

Functional Expenses

Not-for-profit organizations generally show their expenses on a functional basis. Expenses are broken down between Program Expense, General and Administrative Expenses and Fundraising Expenses. Certain costs incurred to facilitate sharing have been contracted out to a third party which is a related party. See Note D.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. As of the balance sheet date, balances of cash and cash equivalents totaled \$2,362,064 and exceed the federally insured limit of \$250,000.

NOTE B - HEALTHCARE SHARING ORGANIZATIONAL STRUCTURE

Gospel Light Mennonite Church Medical Aid Plan, Inc., a healthcare sharing ministry based in Gordonsville, VA, entered into a sharing arrangement with Liberty HealthShare, Inc. on December 1, 2014. Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty HealthShare operates as the primary healthcare sharing ministry administering healthcare sharing programs for original Gospel Light Mennonite Church Medical Aid Plan, Inc., members and transitioned Liberty HealthShare, Inc. members, and potential new members. The Organization is legally recognized by the CMS (Centers for Medicare and Medicaid Services) as a health care sharing ministry.

Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty HealthShare  
Notes to Financial Statements  
December 31, 2018

NOTE C – MEMBERS’ SHARING FUNDS

During 2018, the Organization provided health care and end of life assistance to over 110,000 families. These funds belong to the members and are not shown on the balance sheet. They are kept in “Member Sharing Accounts” and are not included as income or expenses in the Organization.

The summarized activity in member sharing accounts for 2018 is as follows:

Beginning of year cash balance in all member sharing accounts	\$ 1,606,564
Additions:	
Funds contributed by members	<u>322,814,532</u>
Subtotal	324,421,096
Deductions:	
Medical needs and other assistance shared among members	<u>321,829,869</u>
End of year cash balance in all member sharing accounts	<u>\$ 2,591,227</u>

NOTE D – RELATED PARTIES AND FUNCTIONAL EXPENSE BREAKOUT

The Organization has contracted with a related entity, The National Coalition of Health Care Sharing Ministries, Inc. to provide selective supportive services. Those costs totaled \$58,723,816 for the 2018 calendar year. The two organizations are related because their boards of directors have common members. The National Coalition of Health Care Sharing Ministries, Inc. reported on its 2018 audited financial statements that about 26% of their expenses were used for management and general purposes and about 74% of their expenses were used for direct program purposes.

Gospel Light Mennonite Church Medical Aid Plan, Inc.  
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Notes to Financial Statements  
December 31, 2018

NOTE E - SUBSEQUENT EVENTS

By Resolution of the Board of Directors, at a Special Meeting on December 28, 2018, the Organization accepted the inter-charity grant and transfer of all of the assets, employees and contracts of The National Coalition of Health Care Sharing Ministries, Inc. for the charitable purposes of promoting the Christian tradition of healthcare cost sharing to serve the socio-economic and spiritual needs of Liberty HealthShare members, which such Resolution was effective on January 1, 2019.

NOTE F - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the December 31, 2018 reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor imposed restrictions.

Financial assets (Cash in Banks)	\$2,362,064
Less: Assets unavailable for general expenditures:	
Restricted by donor	-
Designated by board for reserves	-
Financial assets available to meet cash needs	<u>\$2,362,064</u>

The Organization manages its liquid resources by employing a variety of measures. The organization focuses on generating adequate income based on member participation fees each month. Budgets are prepared and reviewed to determine adequate funding for planned expenditures.

NOTE G - MANAGEMENT REVIEW

Management has reviewed activity in 2018 through February 6, 2020 for transactions that should be recorded at December 31, 2018. No transactions were found. February 6, 2020 is the date the financial statements were available for distribution.