

Gospel Light Mennonite Church
Medical Aid Plan, Inc.
DBA Liberty HealthShare
Financial Statements
Year Ended December 31, 2016

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

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INDEPENDENT AUDITOR'S REPORT

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, 2016, 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, 2016, 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
May 26, 2017

Gospel Light Mennonite Church Medical Aid Plan, Inc.
DBA Liberty HealthShare
Statement of Financial Position
December 31, 2016

ASSETS	
Cash	<u>\$1,202,199</u>
	TOTAL ASSETS <u>\$1,202,199</u>
LIABILITIES	
Accounts payable - Vendor	\$ 695,625
Member refunds payable	<u>26,289</u>
	TOTAL LIABILITIES <u>721,914</u>
NET ASSETS	
Unrestricted	<u>480,285</u>
	TOTAL NET ASSETS <u>480,285</u>
	TOTAL LIABILITIES AND NET ASSETS <u>\$ 480,285</u>

See accompanying notes.

Gospel Light Mennonite Church Medical Aid Plan, Inc.
 DBA Liberty HealthShare
 Statement of Activities
 Year Ended December 31, 2016

UNRESTRICTED NET ASSETS	
Unrestricted revenues and gains	
Gifts and offerings	\$ 25,126
Member dues	31,993,695
Interest income	-
Other Income	<u>4,417,730</u>
TOTAL UNRESTRICTED REVENUES AND GAINS	36,436,551
EXPENSES	
(See Note D)	<u>36,086,759</u>
TOTAL EXPENSES	<u>36,086,759</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>349,792</u>
TEMPORARILY RESTRICTED NET ASSETS	
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>-</u>
PERMANENTLY RESTRICTED NET ASSETS	
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>-</u>
INCREASE IN NET ASSETS	349,792
NET ASSETS AT BEGINNING OF YEAR	<u>130,493</u>
NET ASSETS AT END OF YEAR	<u>\$ 480,285</u>

See accompanying notes.

Gospel Light Mennonite Church Medical Aid Plan, Inc.
 DBA Liberty HealthShare
 Statement of Cash Flows
 Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in net assets	\$ 349,792
Adjustments to reconcile increase in net assets to net cash used by operating activities	
Depreciation and amortization	-
(Increase) Decrease in operating assets	
Due from Vendors	164,163
Increase (Decrease) in operating liabilities	
Due to Vendors	<u>4,095</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>518,050</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	518,050
CASH, beginning of year	<u>684,149</u>
CASH, end of year	<u>\$ 1,202,199</u>

See accompanying notes.

Gospel Light Mennonite Church Medical Aid Plan, Inc.
DBA Liberty HealthShare
Notes to Financial Statements
December 31, 2016

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty HealthShare, 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.

Basis of Accounting

The financial statements of the Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty HealthShare 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.

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 Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty HealthShare, 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 Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty HealthShare and are not recorded as

Gospel Light Mennonite Church Medical Aid Plan, Inc.
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December 31, 2016

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

Revenue Recognition (continued)

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 unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is 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.

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.

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.

Gospel Light Mennonite Church Medical Aid Plan, Inc.
DBA Liberty HealthShare
Notes to Financial Statements
December 31, 2016

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

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 \$1,202,199 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. Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty HealthShare is legally recognized by the CMS (Centers for Medicaid 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, 2016

NOTE C - MEMBERS' SHARING FUNDS

During 2016, Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty HealthShare provided health care and end of life assistance to over 48,000 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 Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty HealthShare

The summarized activity in member sharing accounts for 2016 is as follows:

Beginning of year cash balance in all member sharing accounts	\$3,630,158
Additions:	
Funds contributed by members	<u>54,732,786</u>
Subtotal	<u>58,362,944</u>
Deductions:	
Medical needs and other assistance shared among members	<u>55,620,157</u>
End of year cash balance in all member sharing accounts	<u>\$2,742,787</u>

NOTE D - RELATED PARTIES AND FUNCTIONAL EXPENSE BREAKOUT

Gospel Light Mennonite Church Medical Aid Plan, Inc. has contracted with a related entity, The National Coalition of Health Care Sharing Ministries, Inc. to provide selective supportive services. Those costs totaled \$36,086,759 for the 2016 calendar year. The two organizations are related because their board of directors have common members. The National Coalition of Health Care Sharing Ministries, Inc. reported on its 2016 audited financial statements that about 9% of their expenses were used for management and general purposes and about 91% of their expenses were used for direct program purposes.

NOTE E – MANAGEMENT REVIEW

Management has reviewed activity in 2016 through May 26, 2017 for transactions that should be recorded at December 31, 2016. No transactions were found. May 26, 2017 is the date the financial statements were available for distribution.