

Gospel Light Mennonite Church  
Medical Aid Plan, Inc.  
DBA Liberty Healthshare  
Financial Statements  
Year Ended December 31, 2020

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

TABLE OF CONTENTS

	PAGE NO.
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-13



INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2020, 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.

**Basis of Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty Healthshare and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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 the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty Healthshare ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud



or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty Healthshare's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gospel Light Mennonite Church Medical Aid Plan, Inc., DBA Liberty Healthshare's ability to continue as a growing concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Sullivan & Company, LLC*

Akron, Ohio  
July 22, 2021



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
 DBA Liberty Healthshare  
 Statement of Financial Position  
 December 31, 2020

ASSETS

Cash	\$ 5,830,579
Accounts receivable - Member Ministry	2,342,404
Accounts receivable - Other	16,875
Inventory	33,228
Deposit	63,007
Prepaid expenses	1,012,588
Note receivable - Member Ministry	116,482
Property and equipment	
Office equipment	1,704,030
Furniture	398,275
Automobile	33,183
Software	1,464,707
Building improvements	758,732
Building	2,572,777
Land improvements	214,196
Land	<u>788,304</u>
	7,934,204
Accumulated depreciation	<u>(2,345,573)</u>
	<u>5,588,631</u>

TOTAL ASSETS \$15,003,794

LIABILITIES

Accounts payable	\$ 185,127
Accrued expenses	1,614,676
Loan payable - Payroll Protection	3,063,755
Pension payable	<u>364,722</u>

TOTAL LIABILITIES 5,228,280

NET ASSETS

Without donor restrictions	<u>9,775,514</u>
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TOTAL NET ASSETS 9,775,514

TOTAL LIABILITIES AND NET ASSETS \$15,003,794

See accompanying notes.



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
 DBA Liberty Healthshare  
 Statement of Activities  
 Year Ended December 31, 2020

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues and gains	
Dues and fees	\$55,713,917
Interest income	170
Donation income	<u>76,641</u>

TOTAL REVENUES AND GAINS    55,790,728

EXPENSES

Program expenses	26,860,026
Management and general expense	17,130,377
Membership development	<u>9,100,475</u>

TOTAL EXPENSES    53,090,878

INCREASE IN  
 NET ASSETS WITHOUT DONOR RESTRICTIONS    2,699,850

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

INCREASE IN  
 NET ASSETS WITH DONOR RESTRICTIONS    -

INCREASE IN NET ASSETS    2,699,850

NET ASSETS AT BEGINNING OF YEAR    7,075,664

NET ASSETS AT END OF YEAR    \$ 9,775,514

See accompanying notes.



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
 DBA Liberty Healthshare  
 Statement of Cash Flows  
 Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in net assets	\$ 2,699,850
Adjustments to reconcile increase in net assets to net cash used by operating activities	
Depreciation and amortization	699,711
(Increase) Decrease in operating assets	
Accounts receivable - Other	( 10,139)
Deposit	416
Prepaid expenses	( 314,783)
Inventory	8,056
Increase (Decrease) in operating liabilities	
Accounts payable	(2,621,932)
Accrued liabilities	529,671
Other liabilities	( 7,847)
Pension payable	<u>364,722</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,347,725</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisitions of property and equipment	<u>( 75,425)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>( 75,425)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Increase in loans	3,063,755
Decrease in loans	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>3,063,755</u>
INCREASE (DECREASE) IN CASH	4,336,055
CASH, beginning of year	<u>1,494,524</u>
CASH, end of year	<u>\$ 5,830,579</u>

See accompanying notes.



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty Healthshare  
Statement of Functional Expenses  
Year Ended December 31, 2020

	2020			
		Supporting Services		
	Program Services	Management and General	Member Development	Total
Advertising and marketing	\$ 8,834,847	\$ -	\$ -	\$ 8,834,847
Automobile	-	1,643	-	1,643
Computer and internet	430,646	126,255	-	556,901
Member development fees	-	-	9,100,475	9,100,475
Meals	576	8,064	-	8,640
Public relations	199,112	-	-	199,112
Office supplies and expenses	1,025,931	300,778	-	1,326,709
Postage	212,088	25,740	-	237,828
Printing and reproduction	34,868	10,223	-	45,091
Rent	-	5,520	-	5,520
Telephone	-	218,238	-	218,238
Repairs and maintenance	-	447,510	-	447,510
Contract services	2,148,087	2,772,396	-	4,920,483
Software development & exp.	856,745	95,194	-	951,939
Payroll expense	12,775,962	4,110,328	-	16,886,290
Depreciation	-	699,711	-	699,711
Utilities	-	114,196	-	114,196
Insurance	-	94,493	-	94,493
Taxes	-	95,878	-	95,878
Member programs	156,963	-	-	156,963
Travel and conferences	29,046	8,515	-	37,561
Employee benefits	155,155	174,600	-	329,755
Employee parking	-	12,000	-	12,000
Miscellaneous	-	7,940	-	7,940
Credit card fees	-	7,801,155	-	7,801,155
	<u>\$26,860,026</u>	<u>\$17,130,377</u>	<u>\$ 9,100,475</u>	<u>\$53,090,878</u>

See accompanying notes.



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty Healthshare  
Notes to Financial Statements  
December 31, 2020

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 located in Canton, Ohio 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. The Organization is legally recognized by the CMS (Centers for Medicare and Medicaid Services) as a health care sharing ministry. See Note E.

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.

Revenue Recognition

Funds received from members are deposited in two types of accounts. The portion of member payments which are designated as administrative charges is deposited in the Organization's operating accounts and recorded as income. The portion of member payments which are designated as member sharing funds is 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



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty Healthshare  
Notes to Financial Statements  
December 31, 2020

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

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 and Payable

The accounts receivable of \$2,342,404 and the note receivable of \$116,482 recorded on the Statement of Financial Position are amounts due from Member Ministries. Accounts payable totaling \$185,127 are outstanding amounts payable to vendors at year-end.

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.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed.



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty Healthshare  
Notes to Financial Statements  
December 31, 2020

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

Functional Expenses

The costs of providing services have been summarized on a functional basis on the statement of activities and on the statement of functional expenses. Certain costs have been allocated among the program and support services that were benefitted.

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 \$5,830,579 which exceeds the federally insured limit of \$250,000. These balances fluctuate during the year and usually exceed the \$250,000 limit.

Depreciation

Property and equipment are carried at cost. Depreciation is provided using the straight-line and declining balance method for book purposes over the following estimated useful lives:

	<u>Years</u>
Office equipment	5
Furniture and fixtures	7
Automobiles	5
Software	5
Building Improvements	39
Buildings	40



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty Healthshare  
Notes to Financial Statements  
December 31, 2020

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

Inventory

Inventory consists of computer components and supplies and is stated at the lower of cost or market.

Advertising

The Organization expenses all advertising and promotional costs when incurred. Advertising and marketing costs totaled \$8,834,847 in 2020.

NOTE B - DEFINED CONTRIBUTION PLAN

The Organization implemented a 403(b) defined contribution plan effective January 1, 2017. All Employees are eligible to participate in the plan. Participating employees with at least one year of service qualify for up to a 5% dollar-for-dollar match by the Organization on their contributed earnings. During 2020, the Organization contributed \$314,822 in matching funds. There were approximately 355 plan participants as of December 31, 2020.

NOTE C - COMBINED MINISTRIES

By Resolution of the Board of Directors, at a Special Meeting on December 28, 2018, the Organization accepted the inner-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.

The National Coalition of Health Care Sharing Ministries, Inc. provided guidance and support to other health care sharing ministries throughout the United States. These groups are referred to as "Member Ministries".



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
 DBA Liberty Healthshare  
 Notes to Financial Statements  
 December 31, 2020

NOTE D – MEMBERS’ SHARING FUNDS

During 2020, the Organization provided health care and end of life assistance to over 70,000 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 2020 is as follows:

Beginning of year cash balance in all member sharing accounts		\$ 2,051,509
Additions:		
Funds contributed by members		<u>351,076,560</u>
	Subtotal	353,128,069
Deductions:		
Medical needs and other assistance shared among members		<u>352,795,738</u>
End of year cash balance in all member sharing accounts		<u>\$ 332,331</u>

The organization budgets for the medical sharing needs of its members. At the end of each month, share requests are calculated and tracked based upon member sharing contributions each month. The outstanding medical bills are tracked based upon the number of months of sharing needed to fulfill all requests as shown below:

	<u>12-31-20</u>	<u>12-31-19</u>
Average monthly sharing contributions from members for year ended:	\$29,256,380	\$29,583,290
Months of contributions needed to fulfill all sharing requests	5.8 months	7.1 months



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty Healthshare  
Notes to Financial Statements  
December 31, 2020

NOTE E – METHODS USED FOR ALLOCATION OF EXPENSES AMONG PROGRAM,  
SUPPORTING SERVICES AND MEMBER DEVELOPMENT

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. The Statement of Functional Expenses shows those allocations to program and supporting services. Such allocations are determined by management on a reasonable basis that is consistently applied.

The expenses that are allocated are the following:

Expense	Method of Allocation
Advertising and marketing	Benefits Received
Automobile	Time & Effort
Computer and internet	Department Allocation/Headcount
Member development fees	Benefits Received
Meals	Department Usage
Public relations	Benefits Received
Office supplies and expenses	Department Headcount
Credit Card Fees	Benefits Received
Postage	Department Usage
Printing and reproduction	Department Headcount
Rent	Square Footage
Telephone	Cost Study of Specific Items
Repairs and maintenance	Square Footage
Contract services	Benefits Received
Software development and expense	Benefits Received
Payroll expense	By Department Percentage
Depreciation and amortization	Square Footage
Utilities	Square Footage
Insurance	Square Footage
Taxes	Square Footage
Member programs	Benefits Received
Travel and conferences	Department Usage
Employee benefits	Time & Effort



Gospel Light Mennonite Church Medical Aid Plan, Inc.  
DBA Liberty Healthshare  
Notes to Financial Statements  
December 31, 2020

NOTE F - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the December 31, 2020 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)	\$5,830,579
Less: Assets unavailable for general expenditures:	
Restricted by donor	-0-
Designated by board for reserves	-0-
Financial assets available to meet cash needs	<u>\$5,830,579</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 - PAYCHECK PROTECTION PROGRAM LOAN PROCEEDS

The Organization received a SBA Paycheck Protection Program loan for \$3,063,755. The loan proceeds are recorded as a liability at December 31, 2020 although the loan is expected to be fully forgiven by the SBA in 2021.

NOTE H - MANAGEMENT REVIEW

Management has reviewed activity in 2020 through July 22, 2021 for transactions that should be recorded at December 31, 2020. No transactions were found. July 22, 2021 is the date the financial statements were available for distribution.