FINANCIAL STATEMENTS

International
Lifeline Fund

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

INTERNATIONAL LIFELINE FUND

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International Lifeline Fund
Washington, D.C.

We have audited the accompanying financial statements of the International Lifeline Fund (Lifeline), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses 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.

Auditor's 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 audits 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lifeline as of June 30, 2019 and 2018, 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.

Gelman Rozenberg & Freedman

October 21, 2019

INTERNATIONAL LIFELINE FUND

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 15,156	$ 55,683
Grants receivable	227,224	111,486
Advances and other receivables	36,548	8,298
Notes receivable	1,351	556
Inventory	18,278	45,474
Prepaid expenses	68	1,942
Total current assets	298,625	223,439
PROPERTY AND EQUIPMENT		
Buildings	169,073	167,967
Equipment	178,022	485,169
Furniture	26,080	26,080
Vehicles	149,230	140,230
	522,405	819,446
Less: Accumulated depreciation	(347,138)	(621,170)
Net property and equipment	175,267	198,276
Long-term accounts receivable, net	46,699	128,866
TOTAL ASSETS	**$ 520,591**	**$ 550,581**

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 15,352	$ 46,914
Refundable advances	-	9,132
Total current liabilities	15,352	56,046
NET ASSETS		
Without donor restrictions	435,736	469,177
With donor restrictions	69,503	25,358
Total net assets	505,239	494,535
TOTAL LIABILITIES AND NET ASSETS	**$ 520,591**	**$ 550,581**

See accompanying notes to financial statements.

INTERNATIONAL LIFELINE FUND

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
SUPPORT AND REVENUE			
Contributions and grants	$ 763,412	$ 504,667	$ 1,268,079
Stove sales, net of cost of goods sold	74,007	-	74,007
Other revenue	34,286	-	34,286
In-kind contribution	1,650	-	1,650
Net assets released from donor restrictions	460,522	(460,522)	-
Total support and revenue	1,333,877	44,145	1,378,022
EXPENSES			
Program Services:			
Haiti Programs	59,054	-	59,054
Uganda Programs	1,047,568	-	1,047,568
Burundi Programs	1,150	-	1,150
Total program services	1,107,772	-	1,107,772
Supporting Services:			
Management and General	77,902	-	77,902
Fundraising	71,644	-	71,644
Total supporting services	149,546	-	149,546
Total expenses	1,257,318	-	1,257,318
Changes in net assets before other item	76,559	44,145	120,704
OTHER ITEM			
Provision for uncollectible receivables	(110,000)	-	(110,000)
CHANGES IN NET ASSETS	(33,441)	44,145	10,704
Net assets at beginning of year	469,177	25,358	494,535
NET ASSETS AT END OF YEAR	**$ 435,736**	**$ 69,503**	**$ 505,239**

See accompanying notes to financial statements.

INTERNATIONAL LIFELINE FUND

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	$ 769,082	$ 204,643	$ 973,725
Stove sales, net of cost of goods sold	58,876	-	58,876
Other revenue	27,970	-	27,970
In-kind contribution	3,450	-	3,450
Net assets released from donor restrictions	405,401	(405,401)	-
Total support and revenue	1,264,779	(200,758)	1,064,021
EXPENSES			
Program Services:			
Haiti Programs	137,542	-	137,542
Uganda Programs	822,968	-	822,968
Burundi Programs	89,099	-	89,099
Other Programs	1,470	-	1,470
Total program services	1,051,079	-	1,051,079
Supporting Services:			
Management and General	121,841	-	121,841
Fundraising	73,685	-	73,685
Total supporting services	195,526	-	195,526
Total expenses	1,246,605	-	1,246,605
CHANGES IN NET ASSETS	18,174	(200,758)	(182,584)
Net assets at beginning of year	451,003	226,116	677,119
NET ASSETS AT END OF YEAR	**$ 469,177**	**$ 25,358**	**$ 494,535**

See accompanying notes to financial statements.

INTERNATIONAL LIFELINE FUND

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services				Supporting Services			
	Haiti Programs	Uganda Programs	Burundi Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and benefits	$ 9,928	$ 364,317	$ -	$ 374,245	$ 30,985	$ 53,502	$ 84,487	$ 458,732
Stoves and related supplies	-	135,543	-	135,543	-	-	-	135,543
Business operations	209	93,624	-	93,833	1,795	11,101	12,896	106,729
Facilities and equipment	24,431	106,309	-	130,740	567	68	635	131,375
Insurance	920	23,251	-	24,171	36,018	404	36,422	60,593
Professional fees	22,336	358,765	-	381,101	4,299	1,627	5,926	387,027
Taxes	-	9,743	-	9,743	-	-	-	9,743
Technology	-	5,700	-	5,700	2,410	1,135	3,545	9,245
Telephone and telecommunications	13	4,901	-	4,914	1,667	11	1,678	6,592
Training and educational materials	-	5,412	-	5,412	-	-	-	5,412
Travel expenses	388	75,492	1,150	77,030	161	3,796	3,957	80,987
Currency exchange gain/loss	829	54	-	883	-	-	-	883
Subtotal	59,054	1,183,111	1,150	1,243,315	77,902	71,644	149,546	1,392,861
Less: Costs of goods sold included with revenues in the statements of activities and changes in net assets	-	(135,543)	-	(135,543)	-	-	-	(135,543)
TOTAL EXPENSES REPORTED ON THE STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	**$ 59,054**	**$ 1,047,568**	**$ 1,150**	**$ 1,107,772**	**$ 77,902**	**$ 71,644**	**$ 149,546**	**$ 1,257,318**

See accompanying notes to financial statements.

INTERNATIONAL LIFELINE FUND

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services					Supporting Services			
	Haiti Programs	Uganda Programs	Burundi Programs	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and benefits	$ 39,569	$ 292,296	$ 1,756	$ 138	$ 333,759	$ 66,686	$ 63,175	$ 129,861	$ 463,620
Stoves and related supplies	-	144,894	-	-	144,894	-	-	-	144,894
Business operations	9,179	55,101	383	1,001	65,664	5,227	2,899	8,126	73,790
Facilities and equipment	42,155	142,648	2,497	-	187,300	7,270	2,331	9,601	196,901
Insurance	1,856	26,568	304	-	28,728	30,558	599	31,157	59,885
Professional fees	37,155	269,857	63,531	328	370,871	7,137	2,228	9,365	380,236
Taxes	(615)	4,718	-	-	4,103	-	-	-	4,103
Technology	816	4,292	-	-	5,108	1,056	2,063	3,119	8,227
Telephone and telecommunications	956	6,919	277	-	8,152	1,801	103	1,904	10,056
Training and educational materials	150	-	-	-	150	-	-	-	150
Travel expenses	6,072	29,898	20,351	3	56,324	2,106	287	2,393	58,717
Currency exchange gain/loss	249	(9,329)	-	-	(9,080)	-	-	-	(9,080)
Subtotal	137,542	967,862	89,099	1,470	1,195,973	121,841	73,685	195,526	1,391,499
Less: Costs of goods sold included with revenues in the statements of activities and changes in net assets	-	(144,894)	-	-	(144,894)	-	-	-	(144,894)
TOTAL EXPENSES REPORTED ON THE STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	**$ 137,542**	**$ 822,968**	**$ 89,099**	**$ 1,470**	**$1,051,079**	**$ 121,841**	**$ 73,685**	**$ 195,526**	**$ 1,246,605**

See accompanying notes to financial statements.

INTERNATIONAL LIFELINE FUND

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 10,704	$ (182,584)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation	29,565	78,474
Gain on disposal of fixed assets	(33,865)	(21,436)
Provision for uncollectible receivables	110,000	-
Write-off of note receivable	15	-
(Increase) decrease in:		
Grants receivable	(115,738)	148,843
Advances and other receivables	(56,083)	(23,272)
Inventory	27,196	(28,092)
Prepaid expenses	1,874	2,301
Other current assets	-	8,800
(Decrease) increase in:		
Accounts payable and accrued expenses	(31,562)	41,471
Refundable advances	(9,132)	4,997
Net cash (used) provided by operating activities	(67,026)	29,502
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(17,679)	(73,564)
Sale of property and equipment	38,218	26,443
Net cash provided (used) by investing activities	20,539	(47,121)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note receivable	5,960	555
Net cash provided by financing activities	5,960	555
Net decrease in cash and cash equivalents	(40,527)	(17,064)
Cash and cash equivalents at beginning of year	55,683	72,747
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 15,156**	**$ 55,683**

	2019	2018
SCHEDULE OF NONCASH FINANCING TRANSACTIONS		
Note Receivable for Sale of Fixed Asset	**$ 6,770**	**$ 1,111**

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Headquartered in Washington, D.C., International Lifeline Fund (Lifeline) seeks to spark catalytic change across the developing world through low-cost and replicable interventions that profoundly improve quality of life. To achieve this goal, Lifeline has focused on two major initiatives since becoming operational in 2006: (1) a water, sanitation and hygiene (WASH) initiative through which Lifeline has constructed and rehabilitated over 350 boreholes that have brought clean drinking water to some 250,000 impoverished Ugandan villagers; and (2) a sustainable cookstove initiative through which Lifeline has distributed and/or sold over 250,000 fuel efficient stoves to impoverished and displaced families from Uganda, Haiti, Sudan, Somalia and Burundi.

Lifeline is breaking the cycle of failed relief initiatives through holistic approaches to community development known as Clear Water Initiatives. In each village where Lifeline installs a clean water point, its seasoned staff of Water, Sanitation and Hygiene (WASH) officers work with the community to elect a Water User Committee (WUC) to be trained on oversight and maintenance procedures. This representative body of nine village members is tasked with creating and enforcing water user bylaws, maintaining the cleanliness of the water point, collecting water user fees in a village savings account, and contacting local handpump mechanics in the event of a breakdown. Clear Water Initiative both engages communities to take an active role in the provision of their clean water and create a village-led institution to promote transparency and accountability in water point management.

Throughout this time, Lifeline has also been contributing to broader change in the Ugandan energy sector by: (1) developing locally-manufactured stoves at a production rate of 4,000 per month, tailored to the desires and needs of the local population that are affordable for lower-income consumers, (2) establishing distribution channels through which these stoves can be sold, (3) promoting consumer awareness and otherwise nurturing fuel-efficient stove (FES) markets, and (4) custom designing institutional stove to operate on either wood fuel or biomass briquettes. This deliberate long-term approach has enabled Lifeline to invest the necessary research and development time to study local cooking needs and habits, test and re-test different FES models, train labor forces, source raw materials, streamline and semi-mechanize production, and customize and fine-tune its products to meet its customers' demands.

Lifeline's contribution has resulted in an average of 42% fuel savings, 475,000 tons of CO2 saved, 2.38 million trees saved, and 623,000+ Ugandan lives impacted.

In September 2011, after having implemented a humanitarian FES project involving the distribution of 13,000 stoves to over 65,000 people uprooted by the earthquake that devastated Port-au-Prince Haiti, Lifeline commercialized its Haiti stove program. Subsequently, in July 2014, Lifeline integrated its FES operations with a Haitian social enterprise organization, D&E Green Enterprises. Together, Lifeline and D&E have: (1) emerged as Haiti's largest producer and distributor of FES products, (2) developed a direct sales strategy, including a network of 40 women vendors, which can expand to meet market demand and increase last-mile distribution and (3) built a fully operational "first-of-kind" mechanized production facility in Port-au-Prince that employs local Haitians and has reduced production costs by increasing manufacturing speed and efficiency.

The resulting efforts of Lifeline's contributions to Haiti are 48,000+ commercial stoves sold, 500 institutional stoves constructed and over 300,000 lives impacted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended June 30, 2019 and applied retrospectively.

Cash and cash equivalents -

Lifeline considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, Lifeline maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Lifeline had $7,875 and $22,951, of cash on hand and in financial institutions in foreign countries at June 30, 2019 and 2018, respectively. The majority of such funds are not insured.

Grants and other receivables -

Grants and other receivables are recorded at their net realizable value, which approximates fair value. Management considers all grants and other receivables to be fully collectible within one year, with the exception of amounts classified as long-term accounts receivable, which consist of advances to Lifeline's partner organization in Haiti. The gross advances to the partner totaled $156,699 and $128,866 at June 30, 2019 and 2018, respectively. Due to the ongoing economic and political instability in Haiti, during 2019, management of Lifeline elected to record a provision against the amounts advanced to its Haitian partner in the amount of $110,000, resulting in a net advance balance of $46,699 at June 30, 2019. While management believes this balance to be collectible, the timeline for collection is indeterminable.

In-kind contribution -

In-kind contributions consist of donated consulting services. In-kind contributions are recorded at their fair market value as of the date of the contribution.

Property and equipment -

Property and equipment which cost in excess of $1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years for equipment and 27.5 years for buildings. Leasehold improvements are amortized over the remaining life of the lease.

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the years ended June 30, 2019 and 2018 totaled $29,565 and $78,474, respectively.

Income taxes -

Lifeline is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. Lifeline is a private foundation within the meaning of section 509(a) of the Internal Revenue Code.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Uncertain tax positions -

For the years ended June 30, 2019 and 2018, Lifeline has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Inventory -

Inventory consists of finished stoves, which are recorded at the lower of cost or market value using the first-in, first-out method of inventory under FASB ASC 2015-11 *Simplifying the Measurement of Inventory*.

Foreign currency translation -

The U.S. Dollar ("dollars") is the functional currency of Lifeline's worldwide operations. Transactions in currencies other than dollars are re-measured into dollars at the rate of exchange in effect during the month of transaction.

Current assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the Statements of Financial Position; the effects of these conversions are recorded in the accompanying Statements of Functional Expenses.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions -** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions -** Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributions and grants (continued) -

Contributions and grants received in advance of incurring the related expenses are recorded as "net assets with donor restrictions". Grants receivable represents amounts due from funding organizations in accordance with the terms and conditions outlined in grant agreements.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Lifeline are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

New accounting pronouncements not yet adopted -

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made,* which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The ASU is effective for fiscal years beginning after December 15, 2018.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied retrospectively in the year the ASU is first applied. In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements not yet adopted (continued) -

The ASU is effective for private entities for fiscal years beginning after December 31, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

Lifeline plans to adopt the new ASU at the required implementation date.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of June 30, 2018 as unrestricted net assets in the amount of $469,177 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets in the amount of $25,358, are now classified as "net assets with donor restrictions".

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2019 and 2018:

	2019	2018
Uganda Programs	$ 69,503	$ 25,358

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2019	2018
Uganda Programs	$ 460,522	$ 405,401

3. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

	2019	2018
Cash and cash equivalents	$ 15,156	$ 55,683
Grants receivable	227,224	111,486
Advances and other receivables	36,548	8,298
Notes receivable	1,351	556
Subtotal financial assets available within one year	280,279	176,023
Less: Donor restricted funds	(69,503)	(25,358)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	$ 210,776	$ 150,665

3. LIQUIDITY AND AVAILABILITY (Continued)

Lifeline has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2019 and 2018, Lifeline has financial assets equal to approximately one and a half and two months of operating expenses, respectively.

4. CONCENTRATION OF REVENUE

Approximately 54% and 78% of Lifeline's revenue for the years ended June 30, 2019 and 2018, respectively, was derived from operating grants awarded by Lifeline's Founder and Chairman of the Board. Lifeline has no reason to believe that the relationship with this individual will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect Lifeline's ability to finance ongoing operations.

5. SUBSEQUENT EVENTS

In preparing these financial statements, Lifeline has evaluated events and transactions for potential recognition or disclosure through October 21, 2019, the date the financial statements were issued.