

**MINISTRY ESSENTIALS INT'L**

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**FINANCIAL STATEMENTS**

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**YEAR ENDED DECEMBER 31, 2019**

**MINISTRY ESSENTIALS INT'L**  
**Year Ended December 31, 2019**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Ministry Essentials Int'l**  
Wheaton, Illinois

We have audited the accompanying financial statements of **Ministry Essentials Int'l**, a nonprofit organization, which comprise the statements of financial position as of December 31, 2019, and the statements of activities, functional expense, 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.

**Auditors' Responsibility**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Ministry Essentials Int'l** as of December 31, 2019, 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.

**Other Matter**

As more fully described in Notes 5 and 7 to the financial statements, these financial statements have been issued during a global pandemic having an undetermined impact on the future financial position of **Ministry Essentials Int'l**.

*Burritt Carlson & Associates, CPAs LLC*

Burritt, Carlson and Associates, Certified Public Accountants, LLC  
Naperville, IL

October 20, 2020

# MINISTRY ESSENTIALS INT'L

## Statement of Financial Position December 31,

	<u>2019</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 443,864
Payroll tax receivable	4,333
Prepaid expenses and other assets	760
Total Current Assets	<u>448,957</u>
Fixed Assets (Note 3)	
Property and equipment	246,872
Less: Accumulated depreciation	<u>(88,892)</u>
Net Fixed Assets	<u>157,980</u>
Total Assets	<u><u>\$ 606,937</u></u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable and accrued expenses	\$ 13,272
Total Current Liabilities	<u>13,272</u>
Net Assets	
Without Donor Restriction	
Undesignated - available for general activities	169,832
Net investment in buildings (Note 4)	<u>157,980</u>
	327,812
With Donor Restriction (Note 4)	<u>265,853</u>
Total Net Assets	<u>593,665</u>
Total Liabilities and Net Assets	<u><u>\$ 606,937</u></u>

See notes to financial statements

# MINISTRY ESSENTIALS INT'L

## Statement of Activities For the Year Ended December 31,

	<u>2019</u>
Changes in Net Assets without Donor Restriction:	
Support and Revenue:	
Contributions	\$ 2,622
Interest	410
Net Assets Released from Restrictions:	
Satisfaction for purpose restriction	78,695
	<u>81,727</u>
Expenses:	
Program services	929,825
Management and general	89,580
Fund raising	52,417
	<u>1,071,822</u>
Increase (decrease)	<u>(990,095)</u>
Changes in Net Assets with Donor Restriction:	
Contributions	1,243,362
Net Assets Released from Restrictions:	(78,695)
	<u>1,164,667</u>
Increase in net assets	174,572
Net Assets, Beginning of Year	<u>419,093</u>
Net Assets, End of Year	<u><u>\$ 593,665</u></u>

See notes to financial statements

**MINISTRY ESSENTIALS INT'L**

**Statement of Functional Expenses  
For the Year ended December 31, 2019**

	<u>Program Activities</u>	<u>Management and General Activities</u>	<u>Fund Raising Activities</u>	<u>Total</u>
Salaries, benefits, and payroll tax	\$ 619,818	\$ 42,521	\$ 34,493	\$ 696,832
Travel	109,561	4,195		113,756
Occupancy	99,666			99,666
Program supplies and expenses	20,171			20,171
Outside services	4,962	26,941		31,903
Hospitality & benevolence expenses	12,287	53		12,340
Conferences, meetings and training	16,481	3,908		20,389
Bank charges		1,292	14,232	15,524
Repairs, and maintenance and rentals	18,703			18,703
Program assessments and intensives	9,021			9,021
Printing & publications	1,326	3,328		4,654
Postage and shipping	407	3,721	275	4,403
Licenses and fees	3,275	120		3,395
Professional fees		2,405		2,405
Communication	2,752			2,752
Grants	531			531
Fundraising materials and supplies			3,417	3,417
Dues and subscriptions	759			759
Depreciation	10,105			10,105
Miscellaneous expenses		1,096		1,096
<b>Totals</b>	<b><u>\$ 929,825</u></b>	<b><u>\$ 89,580</u></b>	<b><u>\$ 52,417</u></b>	<b><u>\$ 1,071,822</u></b>

See notes to financial statements

## MINISTRY ESSENTIALS INT'L

### Statements of Cash Flows Year Ended December 31,

	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Contributions and other public support	\$ 1,245,984
Interest income	410
Cash paid to suppliers and employees	(1,060,512)
Net Cash Provided (Used) by Operating Activities	<u>185,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(52,828)
Net Cash Provided by Investing Activities	<u>(52,828)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from notes payable	-
Repayment of debt	-
Net Cash Provided by Financing Activities	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	133,054
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>310,810</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 443,864</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 174,572
Adjustments to reconcile change in net asset to net cash provided by operating activities:	
Change in receivables	(4,333)
Change in prepaid expense and other assets	(760)
Change in payables and accrued expenses	6,298
Depreciation expense	10,105
Net inflow (outflow)	<u><u>\$ 185,882</u></u>

See notes to financial statements

# MINISTRY ESSENTIALS, INT'L

Notes to Financial Statements  
December 31, 2019

## 1. NATURE OF ORGANIZATION

Ministry Essentials, Int'l (herein MEI) is a non-profit mission agency that establishes and cultivates spiritual community among Christian leaders and their families serving internationally. Within this context of community MEI provides soul care, spiritual nourishment, and developmental resources to address both urgent and long-term needs of Christian leaders and their families. MEI is supported primarily through donor contributions and grants.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation and Estimates

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The more significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### Cash and Cash Equivalents

MEI classifies any cash held in checking, savings, money market accounts, and certificates of deposit with maturities of less than one year as cash and cash equivalents.

### Equipment and Depreciation

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. MEI's policy is to capitalize building and equipment purchases at cost if they have a useful life that extends beyond one year. Donated assets, if any, are valued at fair market value as of the date of the gift. MEI's adopted method of depreciation is the straight-line method over the useful lives of the assets acquired.

### Support and Revenues

Contributions are recorded when made which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to MEI. Contributions received are recorded as without donor restriction or with donor restriction depending on the existence or nature of any donor restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When donor purpose restrictions are accomplished or a time restriction ends, donor restricted net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Gifts-in-kind are shown as contributions in the accompanying statements at their fair market values at the date of receipt. Revenues are recorded when earned.



## MINISTRY ESSENTIALS, INT'L

Notes to Financial Statements  
December 31, 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Expenses

Expenses are recorded when incurred. The cost of providing various program activities have been summarized on a functional basis in the statement of functional expenses. Accounting standards require that the financial statements report certain categories of expenses that are attributable to more than one program or function. Salaries and related expenses have been allocated among program and supporting services on the basis of time spent in the various functions.

#### Classes of Net Assets

*Net assets without donor restriction* are those currently available for ministry purposes under the direction of the board of directors, those designated by the Board for a specific use and those invested in equipment.

*Net assets with donor restriction* are those contributed with donor stipulations for specific operating purposes or programs, and those with time restrictions. They are not currently available until commitments regarding their use have been fulfilled. Net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets are released from restrictions.

#### Income Taxes

MEI was incorporated in 1996 under the laws of the State of Texas as a not-for-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, classified as a publicly supported organization, which is not a private foundation under Section 509(a). It is exempt from federal and state income taxes and contributions by the general public are deductible for income tax purposes.

MEI files income tax returns in the U.S. Federal jurisdiction. With few exceptions, MEI is no longer subject to U.S. Federal, State, and Local, or non-U.S. tax examinations by tax authorities for years ending before December 31, 2017. MEI does not expect a material net change in unrecognized tax benefits in the next twelve months.

## MINISTRY ESSENTIALS, INT'L

Notes to Financial Statements  
December 31, 2019

### 3. PROPERTY, EQUIPMENT AND OTHER CAPITALIZED EXPENDITURES

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the useful life of the assets are capitalized.

Depreciation is computed for financial statement purposes on a straight-line basis over the estimated useful lives of the related assets, which range from 7 to 27.5 years. Depreciation expense for the year ended December 31, 2019 was \$8,350.

As of December 31, property and equipment consisted of the following:

	2019
Buildings and improvements	\$ 236,667
Furniture and fixtures	8,785
Equipment	1,420
Less: Accumulated depreciation	(88,890)
	<u>\$ 157,982</u>

### 4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes for the year ended December 31:

	2019
Staff ministry funds	\$ 327,941
Facility funds	(62,088)
	<u>\$ 265,853</u>

While facility funds carried a deficit balance as of December 31, 2019, the Board of Directors is committed to funding any deficits in this fund with general funding. MEI continues to seek new funding sources for operations at ministry facilities.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows for the years ended December 31:

	2019
Staff ministries	\$ 1,192,318
Facility operations	29,424
	<u>\$ 1,221,742</u>

## MINISTRY ESSENTIALS, INT'L

Notes to Financial Statements  
December 31, 2019

### 5. RISK

#### Concentrations of Industry Risk and Global Pandemic

MEI depends heavily on contributions from the general public, which can be related to the general economy. Numerous factors, such as high unemployment, can have an affect on contributions, which in turn can affect the level of program services provided. In addition, these financial statements have been issued during a global pandemic, COVID-19. While the pandemic is having an impact on the global economy there is no effective way to estimate the affect it will have on future revenues of MEI.

#### Cash and Cash Equivalent Risk

Cash and cash equivalents total an amount in excess of federally insured limits at one institution by approximately \$140,000, exposing MEI to credit risk. The balances fluctuate during the year and management covers its risk by using multiple banking institutions, and believes the risk is manageable based on the banking institutions utilized.

### 6. LIQUIDITY AND AVAILABILITY OF RESOURCES

MEI has approximately \$443,000 of current financial assets, consisting primarily of cash, available within one year of the statement of financial position date to meet cash needs for current expenditures as well as accounts payable and accrued expenses of \$13,000. None of the financial assets are restricted by donors for long-term purposes, and approximately \$266,000 is restricted by donors for current programs as detailed in Note 4.

### 7. EVALUATION OF SUBSEQUENT EVENTS

MEI has evaluated subsequent events through October 20, 2020, the date which the financial statements were available to be issued. While management fully intends to continue the programs offered by the MEI, as mentioned in Note 5, these financial statements have been issued during a global health pandemic, for which it is not possible to effectively determine the impact on future contribution revenues of MEI.