

MINISTRY ESSENTIALS INT'L

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021 and 2020

MINISTRY ESSENTIALS INT'L
Years Ended December 31, 2021 and 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 9

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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, 2021 and 2020, and the statements of activities, functional expense, 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.

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, 2021 and 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.

Other Matter

As more fully described in Notes 5 and 8 to the financial statements, these financial statements have been issued during a global epidemic having an undetermined impact on the future financial position of **Ministry Essentials Int'l**.

Burrith Carlson & Associates, CPA's

Burrith, Carlson and Associates, Certified Public Accountants, PLLC
Naperville, IL

September 30, 2022

MINISTRY ESSENTIALS INT'L

**Statement of Financial Position
December 31,**

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 682,162	\$ 607,273
Payroll tax receivable	217	1,984
Prepaid expenses and other assets	2,955	-
Total Current Assets	685,334	609,257
Fixed Assets (Note 3)		
Property and equipment	246,872	246,872
Less: Accumulated depreciation	(115,224)	(102,057)
Net Fixed Assets	131,648	144,815
Total Assets	\$ 816,982	\$ 754,072
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,755	\$ 8,506
Payroll liabilities	1,414	-
Total Current Liabilities	4,169	8,506
Net Assets		
Without Donor Restriction		
Undesignated - available for general activities	220,867	195,581
Net investment in buildings (Note 3)	131,648	144,815
	352,515	340,396
With Donor Restriction (Note 4)	460,298	405,170
Total Net Assets	812,813	745,566
Total Liabilities and Net Assets	\$ 816,982	\$ 754,072

See notes to financial statements

MINISTRY ESSENTIALS INT'L

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

	2021	2020
Changes in Net Assets without Donor Restriction:		
Support and Revenue:		
Contributions	\$ 21,808	\$ 39,294
Interest	137	406
Net Assets Released from Restrictions:		
Satisfaction for purpose restriction	1,448,088	1,190,712
	1,470,033	1,230,412
Expenses:		
Program services	1,194,342	1,008,905
Management and general	171,941	144,980
Fund raising	91,630	63,943
	1,457,913	1,217,828
Increase (decrease)	12,120	12,584
Changes in Net Assets with Donor Restriction:		
Contributions	1,503,215	1,330,029
Net Assets Released from Restrictions:	(1,448,088)	(1,190,712)
Increase (decrease)	55,127	139,317
Increase in net assets	67,247	151,901
Net Assets, Beginning of Year	745,566	593,665
Net Assets, End of Year	\$ 812,813	\$ 745,566

See notes to financial statements

MINISTRY ESSENTIALS INT'L

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

	2021			
	Program Service Activities	Management and General Activities	Fund Raising Activities	Total
Salaries, benefits, and payroll tax	\$ 799,803	\$ 79,066	\$ 46,241	\$ 925,110
Occupancy	127,719			127,719
Travel	117,640	1,605	17,306	136,551
Conferences, meetings and training	27,515	22,340		49,855
Repairs, maintenance and rentals	33,298	1,516		34,814
Program supplies and expenses	31,728			31,728
Outside services		28,785		28,785
Hospitality & benevolence expenses	17,738	240	7,638	25,616
Bank charges		256	18,568	18,824
Insurance		14,588		14,588
Depreciation	13,167			13,167
Legal and professional fees		11,127		11,127
Program assessments and intensives	10,281			10,281
Communication	6,329		193	6,522
Licenses, fees and registrations	1,127	4,426		5,553
Dues and subscriptions	1,872	2,825	767	5,464
Information technology	1,495	2,654	529	4,678
Postage and shipping	2,884	1,723	56	4,663
Printing & publications	1,422	137	265	1,824
Miscellaneous expenses	324	653	67	1,044
Totals	\$ 1,194,342	\$ 171,941	\$ 91,630	\$ 1,457,913

	2020			
	Program Service Activities	Management and General Activities	Fund Raising Activities	Total
Salaries, benefits, and payroll tax	\$ 730,913	\$ 68,254	\$ 41,884	\$ 841,051
Occupancy	115,800			115,800
Travel	67,909	42	805	68,756
Conferences, meetings and training	9,542	2,523		12,065
Repairs, maintenance and rentals	24,859	1,911		26,770
Program supplies and expenses	15,228			15,228
Outside services	150	28,243		28,393
Hospitality & benevolence expenses	13,785		2,204	15,989
Bank charges		740	16,516	17,256
Insurance		2,357		2,357
Depreciation	13,167			13,167
Legal and professional fees		22,329		22,329
Program assessments and intensives	9,407			9,407
Communication	3,481			3,481
Licenses, fees and registrations	1,170	8,027		9,197
Dues and subscriptions	1,089	2,711		3,800
Information technology	1,168	1,598	529	3,295
Postage and shipping	610	3,468		4,078
Printing & publications	1,273	2,392		3,665
Miscellaneous expenses	1,359	385		1,744
Totals	\$ 1,010,910	\$ 144,980	\$ 61,938	\$ 1,217,828

See notes to financial statements

MINISTRY ESSENTIALS INT'L

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions and other public support	\$ 1,525,023	\$ 1,369,323
Interest income	137	406
Cash paid to suppliers and employees	(1,450,271)	(1,206,320)
Net Cash Provided (Used) by Operating Activities	74,889	163,409
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	-
Net Cash Provided by Investing Activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	-	-
Repayment of debt	-	-
Net Cash Provided by Financing Activities	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	74,889	163,409
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	607,273	443,864
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 682,162	\$ 607,273
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 67,247	\$ 151,901
Adjustments to reconcile change in net asset to net cash provided by operating activities:		
Change in receivables	1,767	2,349
Change in prepaid expense and other assets	(2,955)	760
Change in payables and accrued expenses	(4,337)	(4,766)
Depreciation expense	13,167	13,165
Net inflow (outflow)	\$ 74,889	\$ 163,409

See notes to financial statements

MINISTRY ESSENTIALS, INT'L

Notes to Financial Statements
December 31, 2021 and 2020

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, and donations of nonfinancial assets are shown as a separate line item in accordance with FASB ASU Topic 958, Presentation and Disclosures by Not-for-Profit Entities. Revenues are recorded when earned.

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.

MINISTRY ESSENTIALS, INT'L

Notes to Financial Statements
December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2019. MEI does not expect a material net change in unrecognized tax benefits in the next twelve months.

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 years ended December 31, 2021 and 2020 was \$13,167 and \$13,137, respectively.

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

	2021	2020
Buildings and improvements	\$ 236,667	\$ 236,667
Furniture and fixtures	8,785	8,785
Equipment	1,420	1,420
Less: Accumulated depreciation	(115,224)	(102,057)
	<u>\$ 131,648</u>	<u>\$ 144,815</u>

MINISTRY ESSENTIALS, INT'L

Notes to Financial Statements
December 31, 2021 and 2020

4. NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Staff ministry and project funds	\$ 491,655	\$ 460,193
Facility funds	(31,357)	(55,023)
	<u>\$ 460,298</u>	<u>\$ 405,170</u>

While facility funds carried a deficit balance as of December 31, 2021 and 2020, 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:

	2021	2020
Staff ministry and projects	\$ 1,368,600	\$ 1,129,481
Facility operations	79,488	61,231
	<u>\$ 1,448,088</u>	<u>\$ 1,190,712</u>

5. RISK

Concentrations of Industry Risk and Global Health Epidemic

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 health epidemic, COVID-19. While the epidemic 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 \$384,000, exposing MEI to credit risk. The balances fluctuate during the year and management covers its risk by using multiple large banking institutions, and believes the risk is manageable based on the banking institutions utilized. Subsequent to year end, management added an insured money market reserve account account to sweep balances over the FDIC limit to obtain greater coverage and mitigate risk of underinsurance on cash balances.

MINISTRY ESSENTIALS, INT'L

Notes to Financial Statements
December 31, 2021 and 2020

6. PAYROLL PROTECTION PROGRAM LOAN

During the year ended December 31, 2020 MEI was granted a \$31,984 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. The Program stipulated that if the loans were expended in accordance with their intended purpose (primarily payroll) within a specified time frame, the loans would be forgiven. MEI initially recorded the loan as a refundable advance and subsequently recognized as contributions consistent with guidance for conditional contribution income in accordance with FASB ASC 958-605, Revenue Recognition, as performance measurements were met and barriers were removed, recognizing the full amount of the loan as income to the MEI. MEI received notice in January of 2021 that the loan had been forgiven.

7. LIQUIDITY AND AVAILABILITY OF RESOURCES

MEI has approximately \$685,000 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 \$4,100. Current assets also include prepaid expenses of approximately \$2,900. None of the cash is restricted by donors for long-term purposes, and approximately \$460,000 is restricted by donors for current programs as detailed in Note 4.

8. EVALUATION OF SUBSEQUENT EVENTS

MEI has evaluated subsequent events through September 30, 2022, the date which the financial statements were available to be issued. While management fully intends to continue the programs offered by MEI, as mentioned in Note 5, these financial statements have been issued during a global health epidemic, for which it is not possible to effectively determine the impact on future contribution revenues of MEI.