



FINANCIAL STATEMENTS  
With Independent Accountants' Review Report

May 31, 2015 and 2014

# CHURCH MINISTRIES INTERNATIONAL, INC.

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Church Ministries International, Inc.  
Dallas, Texas

We have reviewed the accompanying statements of financial position of Church Ministries International, Inc. as of May 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Dallas, Texas  
July 30, 2015

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Statements of Financial Position

	May 31,	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 354,523	\$ 948,605
Deposits	1,612	1,612
Long-term investments	7,128	6,808
Furniture and equipment—net	<u>874</u>	<u>2,492</u>
Total Assets	<u>\$ 364,137</u>	<u>\$ 959,517</u>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	<u>\$ 17,356</u>	<u>\$ 14,288</u>
<b>Net assets:</b>		
Unrestricted	313,909	(50,063)
Temporarily restricted	28,549	990,969
Permanently restricted	<u>4,323</u>	<u>4,323</u>
	<u>346,781</u>	<u>945,229</u>
Total Liabilities and Net Assets	<u>\$ 364,137</u>	<u>\$ 959,517</u>

See accompanying notes and independent accountants' review report

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Statements of Activities

	Year Ended May 31,							
	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>								
Contributions	\$ 206,490	\$ 552,228	\$ -	\$ 758,718	\$ 58,000	\$ 671,303	\$ -	\$ 729,303
Program service revenue	250,373	-	-	250,373	-	-	-	-
Non cash contributions	18,573	-	-	18,573	15,449	-	-	15,449
Other income	329	-	-	329	34	-	-	34
<b>Total Support and Revenue</b>	<b>475,765</b>	<b>552,228</b>	<b>-</b>	<b>1,027,993</b>	<b>73,483</b>	<b>671,303</b>	<b>-</b>	<b>744,786</b>
<b>RECLASSIFICATIONS:</b>								
Administration assessments	80,150	(80,150)	-	-	95,904	(95,904)	-	-
Satisfaction of purpose and time restrictions	1,434,498	(1,434,498)	-	-	211,425	(211,425)	-	-
<b>Total Reclassifications</b>	<b>1,514,648</b>	<b>(1,514,648)</b>	<b>-</b>	<b>-</b>	<b>307,329</b>	<b>(307,329)</b>	<b>-</b>	<b>-</b>
<b>EXPENSES:</b>								
Program services:								
Program development and ministry to constituency	1,450,396	-	-	1,450,396	240,929	-	-	240,929
Supporting activities:								
Management and general	135,105	-	-	135,105	126,359	-	-	126,359
Fund-raising	40,940	-	-	40,940	23,026	-	-	23,026
	176,045	-	-	176,045	149,385	-	-	149,385
<b>Total Expenses</b>	<b>1,626,441</b>	<b>-</b>	<b>-</b>	<b>1,626,441</b>	<b>390,314</b>	<b>-</b>	<b>-</b>	<b>390,314</b>
<b>Change in Net Assets</b>	<b>363,972</b>	<b>(962,420)</b>	<b>-</b>	<b>(598,448)</b>	<b>(9,502)</b>	<b>363,974</b>	<b>-</b>	<b>354,472</b>
<b>Net Assets, Beginning of Year</b>	<b>(50,063)</b>	<b>990,969</b>	<b>4,323</b>	<b>945,229</b>	<b>(40,561)</b>	<b>626,995</b>	<b>4,323</b>	<b>590,757</b>
<b>Net Assets, End of Year</b>	<b>\$ 313,909</b>	<b>\$ 28,549</b>	<b>\$ 4,323</b>	<b>\$ 346,781</b>	<b>\$ (50,063)</b>	<b>\$ 990,969</b>	<b>\$ 4,323</b>	<b>\$ 945,229</b>

See accompanying notes and independent accountants' review report

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Statements of Cash Flows

	Year Ended May 31,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (598,448)	\$ 354,472
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,618	4,764
Gain/Loss on disposal of asset	-	(655)
Unrealized gain on investments	(320)	23
Changes in operating assets and liabilities:		
Deposits	-	265
Accounts payable and accrued expenses	3,068	(6,201)
Net Cash Provided (Used) by Operating Activities	<u>(594,082)</u>	<u>352,668</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments received on note receivable	-	17,500
Net Cash Provided by Investing Activities	<u>-</u>	<u>17,500</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment made on note payable	-	(17,500)
Net Cash Used by Financing Activities	<u>-</u>	<u>(17,500)</u>
Net Change in Cash and Cash Equivalents	(594,082)	352,668
Cash and Cash Equivalents, Beginning of Year	<u>948,605</u>	<u>595,937</u>
Cash and Cash Equivalents, End of Year	<u>\$ 354,523</u>	<u>\$ 948,605</u>

See accompanying notes and independent accountants' review report

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2015 and 2014

### 1. NATURE OF ORGANIZATION:

Church Ministries International, Inc. (CMI) is a Texas nonprofit corporation exempt from federal income tax under Internal Revenue Code Section 501(c)(3), except on unrelated business income, if any. Contributions to CMI are tax deductible within the limitations prescribed by the code. CMI has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the code.

CMI's mission is to help reach nations for Christ by serving as a catalyst for urban churches toward strategic planning, partnerships, leadership training, and ministries that address the goal of evangelizing and discipling entire countries.

CMI's goals are:

- To motivate Christians to focus their time, resources, and prayer towards such efforts
- To inform and focus attention toward such programs within existing churches and missionary organizations
- To assist these missionary organizations in establishing, funding, and directing such programs
- To provide initial seed funding to participating organizations to expedite their programs

CMI receives support from individuals, churches, and foundations to fund its ministries. Workers raise support for their ministry based on ministry costs, including salary, housing, benefits, travel, ministry expenses, and an administrative assessment to underwrite administration costs.

CMI serves as a catalyst with the churches, donors, and mission organizations with whom it works. In this catalytic role, CMI promotes project funding through channels other than its own. As such, the income reflected in CMI's financial statements does not reflect the total project resources generated or the full impact of its ministry.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of CMI have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

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

#### CASH AND CASH EQUIVALENTS

Cash is considered to be cash held in checking and money market accounts. These accounts may, at times, exceed federally insured limits. CMI believes it is not exposed to any significant credit risk on cash and cash equivalents.

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2015 and 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS

Investments consist of a bond market index fund which is reported at fair market value. The index fund is based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy.

#### FURNITURE AND EQUIPMENT

Furniture and equipment are recorded at cost. Contributed assets are recorded at estimated market value at the date of contribution. Depreciation is recognized on the straight-line method over the estimated useful lives of the assets ranging from 1 to 5 years. CMI's capitalization policy requires furniture and equipment additions to have a cost greater than \$500.

#### CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

*Unrestricted net assets* are those currently available for use in the international ministries of CMI under the direction of the board and those resources invested in furniture and equipment.

*Temporarily restricted net assets* are those stipulated by donors for specific operating purposes, including projects and support of staff ministries or for the acquisition of property and equipment, or those with time restrictions not currently available for use until commitments regarding their use have been fulfilled.

*Permanently restricted net assets* are those which are contributed with donor restrictions requiring that they be held in perpetuity.

#### SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to CMI.

Program service revenue represents payments from "Encounter with God" participants for supporting services provided by CMI, including training seminars for nationals and fund-raising. "Encounter with God" is a missions movement that employs a model for evangelism and church growth that combines biblically based principles, astute social analysis and innovative missions methodology for the purpose of establishing dynamic, self-sustaining, and reproducing churches fully equipped to carry out the task of reaching their nation for Christ.



# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2015 and 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, AND EXPENSES, continued

CMI reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statements of activities as net assets released from restrictions. Temporarily restricted contributions are subject to assessments ranging from 10% to 20%, which are used for general and administrative expenses.

CMI reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. CMI reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting.

#### ALLOCATION OF EXPENSES

The costs of providing the program services and supporting activities of CMI have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting activities benefited.

During the years ended May 31, 2015 and 2014, CMI incurred joint costs (exclusive of salaries) of \$1,814 and \$1,990, respectively, for printing, postage, and activities that included fund-raising appeals. These costs were allocated as follows: \$644 and \$813 to program development and ministry to constituency, \$892 and \$839 to management and general, and \$279 and \$338 to fund-raising expense, respectively.

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of May 31, 2015 and 2014, CMI had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

#### RECLASSIFICATIONS

Certain prior year amounts have been reclassified in order to conform to current year presentation.

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2015 and 2014

3. FURNITURE AND EQUIPMENT–NET:

Furniture and equipment–net consist of:

	May 31,	
	2015	2014
Furniture and equipment	\$ 40,093	\$ 41,541
Less accumulated depreciation	(39,219)	(39,049)
	\$ 874	\$ 2,492

4. NET ASSETS:

Net assets consist of:

	May 31,	
	2015	2014
Unrestricted:		
Encounter mobilization fund	\$ 313,035	\$ (52,555)
Investment in furniture and equipment–net	874	2,492
	\$ 313,909	\$ (50,063)
Temporarily restricted:		
Projects:		
Quito initiative	\$ -	\$ 584,323
Cumbaya	-	70,513
Ecuador general	4,146	2,451
Norte	-	287,040
Craig Murray Support	-	1,713
Ricardo Diaz Support	11,782	16,568
John Turnidge Support	11,596	3,935
Inge Lise Valencia Support	1,025	1,170
Shirley LeTourneau Memorial	-	23,256
	\$ 28,549	\$ 990,969
Permanently restricted:		
The Roy S. LeTourneau Endowment	\$ 4,323	\$ 4,323

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2015 and 2014

5. COMMITMENTS:

CMI is obligated under an operating lease for its office facilities under a 60-month lease commencing November 2014 at a monthly rate of \$1,875 through December 2014 and increased to \$2,055 in January 2015 until maturity. Future minimum lease payments are as follows:

<u>Year Ending May 31,</u>	<u>Amounts</u>
2016	\$ 24,656
2017	24,656
2018	24,656
2019	24,656
2020	10,273
	<u>\$ 108,897</u>

The office rent expense totaled \$41,172 and \$37,500 for the years ended May 31, 2015 and 2014, which includes \$17,773 and \$15,000, respectively, of donated rent.

6. RETIREMENT PLAN:

CMI has established a voluntary salary reduction arrangement under section 403(b) of the Code. CMI provides a 1, 3, or 5 percent match depending on years of service. Employer contributions totaled \$6,902 and \$6,378 for the years ended May 31, 2015 and 2014, respectively.

7. ENDOWMENT FUNDS:

CMI's endowments consist of one individual fund established to support the general fund. As required by the accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The management of CMI has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CMI classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets due to the terms of the endowment that do not restrict the income.

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2015 and 2014

7. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of May 31, 2015 and 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 4,323	\$ 4,323
Total endowment funds	\$ -	\$ -	\$ 4,323	\$ 4,323

Changes in endowment net assets for the years ended May 31, 2015 and 2014, were comprised solely of investment returns of \$320 and \$162, respectively, and were immediately released from restriction because the endowment agreement does not impose a purpose restriction on these returns.

*Funds with deficiencies:* From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires CMI to retain as a fund of perpetual duration. There were no deficiencies as of May 31, 2015 and 2014.

Other disclosures required by the Reporting Endowment Funds topic of the Financial Accounting Standards Board Accounting Standards Codification have not been included in these financial statements due to immateriality.

8. DONOR CONCENTRATION:

For the years ended May 31, 2015 and 2014, approximately 61 percent and 47 percent of CMI's contributions were provided by five donors, respectively. The implications of this concentration are recognized by management and the board.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

## **SUPPLEMENTARY DATA**

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT  
ON SUPPLEMENTARY DATA**

Board of Directors  
Church Ministries International, Inc.  
Dallas, Texas

Our reviews of the financial statements of Church Ministries International, Inc. for the years ended May 31, 2015 and 2014 were made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information for the years ended May 31, 2015 and 2014 included in the accompanying Schedules of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

*Capin Crouse LLP*

Dallas, Texas  
July 30, 2015

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Schedules of Functional Expenses

Year Ended May 31, 2015

Program Development and Ministry to Constituency	Supporting Activities			Total Supporting Activities	TOTAL
	Management and General	Fund-raising			
Insurance and liability	\$ -	\$ 910	\$ -	\$ 910	\$ 910
Salaries and benefits	116,805	93,448	23,362	116,810	233,615
Events and hospitality	9,245	4,656	9,986	14,642	23,887
Travel	26,262	818	3,576	4,394	30,656
Professional fees	5,937	12,334	670	13,004	18,941
Rent	20,586	18,116	2,470	20,586	41,172
Office supplies/equipment	742	876	245	1,121	1,863
Postage and printing	644	891	278	1,169	1,813
Depreciation	-	1,618	-	1,618	1,618
Telephone	2,593	1,438	353	1,791	4,384
Grants	1,267,582	-	-	-	1,267,582
	<u>\$ 1,450,396</u>	<u>\$ 135,105</u>	<u>\$ 40,940</u>	<u>\$ 176,045</u>	<u>\$ 1,626,441</u>

Year Ended May 31, 2014

Program Development and Ministry to Constituency	Supporting Activities			Total Supporting Activities	TOTAL
	Management and General	Fund-raising			
Insurance and liability	\$ -	\$ 738	\$ -	\$ 738	\$ 738
Salaries and benefits	176,182	78,605	16,263	94,868	271,050
Events and hospitality	9,155	5,469	1,571	7,040	16,195
Travel	22,047	962	1,364	2,326	24,373
Professional fees	9,433	14,345	565	14,910	24,343
Rent	18,750	16,500	2,250	18,750	37,500
Office supplies/equipment	871	2,029	181	2,210	3,081
Postage and printing	812	836	339	1,175	1,987
Depreciation	-	4,764	-	4,764	4,764
Telephone	3,679	2,111	493	2,604	6,283
	<u>\$ 240,929</u>	<u>\$ 126,359</u>	<u>\$ 23,026</u>	<u>\$ 149,385</u>	<u>\$ 390,314</u>