



CHURCH MINISTRIES INTERNATIONAL, INC.

Financial Statements  
With Independent Accountants' Compilation  
Report

May 31, 2020

# CHURCH MINISTRIES INTERNATIONAL, INC.

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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of Church Ministries International, Inc., which comprise the statement of financial position as of May 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*Capin Crouse LLP*

Grapevine, Texas  
October 14, 2020

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Statement of Financial Position

May 31, 2020

### ASSETS:

Cash and cash equivalents	\$ 69,342
Deposits, advances, and other assets	25,261
Noncash contribution receivable	56,731
Investments	<u>2,305,725</u>

Total Assets \$ 2,457,059

### LIABILITIES AND NET ASSETS:

#### Liabilities:

Accounts payable and accrued expenses	<u>\$ 27,902</u>
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#### Net assets:

Net assets without donor restrictions	<u>250,395</u>
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#### Net assets with donor restrictions:

Restricted for purpose or time	2,174,439
Restricted in perpetuity	<u>4,323</u>
	<u>2,178,762</u>

Total net assets 2,429,157

Total Liabilities and Net Assets \$ 2,457,059

See accompanying notes and independent accountants' compilation report

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Statement of Activities

Year Ended May 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 77,693	\$ 206,107	\$ 283,800
Investment income	11,933	112,079	124,012
Donated rent	23,672	56,731	80,403
Federal grants	-	29,840	29,840
Other income	8,677	-	8,677
<b>Total Support and Revenue</b>	<b>121,975</b>	<b>404,757</b>	<b>526,732</b>
<b>RECLASSIFICATIONS:</b>			
Administrative assessments	21,253	(21,253)	-
Satisfaction of purpose and time restrictions	180,420	(180,420)	-
<b>Total Reclassifications</b>	<b>201,673</b>	<b>(201,673)</b>	<b>-</b>
<b>EXPENSES:</b>			
Program services:			
Program development and ministry to constituency	255,450	-	255,450
Supporting activities:			
Management and general	85,918	-	85,918
Fundraising	23,692	-	23,692
	109,610	-	109,610
<b>Total Expenses</b>	<b>365,060</b>	<b>-</b>	<b>365,060</b>
Change in Net Assets	(41,412)	203,084	161,672
Net Assets, Beginning of Year	291,807	1,975,678	2,267,485
Net Assets, End of Year	\$ 250,395	\$ 2,178,762	\$ 2,429,157

See accompanying notes and independent accountants' compilation report

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Statement of Functional Expenses

Year Ended May 31, 2020

	Program Development and Ministry to Constituency	Supporting Activities			Total
		Management and General	Fundraising	Total Supporting Activities	
					Total
Salaries and benefits	\$ 136,770	\$ 36,472	\$ 9,118	\$ 45,590	\$ 182,360
Professional fees	47,368	25,984	6,004	31,988	79,356
Rent	36,778	14,145	5,658	19,803	56,581
Travel	14,234	572	1,517	2,089	16,323
Supplies/services for events	10,045	1,556	17	1,573	11,618
Postage and printing	4,885	760	737	1,497	6,382
Telephone and insurance	1,387	3,486	99	3,585	4,972
Office supplies and equipment	1,995	2,545	277	2,822	4,817
Hospitality meals	1,988	398	265	663	2,651
	\$ 255,450	\$ 85,918	\$ 23,692	\$ 109,610	\$ 365,060

See accompanying notes and independent accountants' compilation report

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Statement of Cash Flows

May 31, 2020

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 161,672
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Unrealized gains on investments	(33,595)
Changes in operating assets and liabilities:	
Deposits, advances, and other assets	(3,039)
Noncash contribution receivable	(56,731)
Accounts payable and accrued expenses	12,079
Net Cash Provided by Operating Activities	<u>80,386</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	<u>(67,375)</u>
Net Cash Used by Investing Activities	<u>(67,375)</u>

Net Change in Cash and Cash Equivalents 13,011

Cash and Cash Equivalents, Beginning of Year 56,331

Cash and Cash Equivalents, End of Year \$ 69,342

See accompanying notes and independent accountants' compilation report

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2020

### 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 churches for the purchase of strategic properties and construction of essential facilities that accelerate church development and multiplication.

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 a money market account not held for investment purposes. 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. As of May 31, 2020, CMI did not have cash balances that exceeded federally insured limits.

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2020

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

#### NONCASH CONTRIBUTION RECEIVABLE:

Noncash contribution receivable consists of a promise made by a lessor to provide below market rent through October 2022 and is valued at estimated fair value of donated rent.

#### INVESTMENTS

CMI has placed a large portion of their investments with Texas Presbyterian Foundation (TPF). Investments held at TPF consist of money market funds, shares in the balanced common fund, and shares in the fixed income common fund. The TPF Balanced Fund holds interests in the TPF Large Cap Equity Fund, the TPF Small Cap Equity Fund, the TPF International Equity Fund, the TPF Fixed Income Fund, and the TPF Money Market Fund, in proportions allocated as determined from time to time by the Investment Committee of TPF's board of trustees. The Fixed Income Fund is an actively managed, diversified bond portfolio consisting principally of high quality, investment-grade corporate, mortgage, asset-backed, and limited high yield securities.

The core value fund is held with Fidelity, and is reported at net asset value based on information from underlying fund managers. Distributions from the core value fund are paid out only when the partners approve, are limited to 20% at a time, can be no more frequent than quarterly, and require a written request 65 days ahead of the end of the calendar quarter. No additional capital calls are allowed. Fund managers provide updated estimates monthly for valuation, but the final value will only be available upon distribution.

#### CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

*Net assets without donor restrictions* are those currently available for use in the international ministries of CMI under the direction of the board.

*Net assets with donor restrictions* 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. It also includes assets which are contributed with donor restrictions requiring that they be held in perpetuity.

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2020

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

#### 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.

CMI reports gifts of cash and other assets as net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions are subject to assessments ranging from 15% to 20%, which are used for general and administrative expenses.

CMI reports gifts of land, buildings, and equipment as support without donor restrictions 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 support with donor restrictions. 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 statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities benefited. Salaries and benefits are allocated based on estimates of time and effort, and other expenses are allocated based on estimates of time spent for each program.

#### NEW ACCOUNTING PRONOUNCEMENT

In 2018, FASB issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958)—*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. CMI adopted the provisions of this new standard as a resource recipient in the current year. Adoption of this standard did not have a material effect on the financial statements.

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2020

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects CMI's financial assets as of the statement of financial position sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position sheet date:

Financial assets as of May 31, 2020:	
Cash and cash equivalents	\$ 69,342
Deposits, advances, and other assets	25,261
Investments	<u>2,305,725</u>
Total financial assets	<u>2,400,328</u>
Less those not available within one year:	
Donor restricted funds—restricted in perpetuity	<u>(4,323)</u>
	<u>(4,323)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,396,005</u>

4. INVESTMENTS:

Investments consist of the following as of May 31, 2020:

Fixed income common fund—net asset value	\$ 1,039,381
Balanced common fund—net asset value	948,150
Core value fund—net asset value	116,987
Cash and cash equivalents—cost	<u>201,207</u>
	<u>\$ 2,305,725</u>

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2020

5. FAIR VALUE MEASUREMENTS:

Cash and cash equivalents consists of cash and funds held in a money market fund. The money market fund is reported at cost plus accrued interest, which is level 1 on the fair value hierarchy. Investments in the common funds and core value fund are reported at net asset value.

The investment objective of the balanced common fund is to produce a total rate of return from a blend of equity and fixed income securities, which provides a stable, predictable and growing source of income to participating institutions to support current programs while preserving the inflation-adjusted purchasing power of the principal over time.

The investment objective of the fixed income common fund is to produce a total rate of return, net of expenses, which exceeds the Barclays Aggregate Index and is ranked above the median performance level when compared to a universe of other comparable funds.

The investment objective of the core value fund is to provide capital appreciation consistent with the return characteristic of the alternative investment portfolios of larger institutions.

6. NET ASSETS:

Net assets consist of the following:

Net assets without donor restrictions:

Encounter mobilization fund (operating)	\$ 250,395
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Net assets with donor restrictions based on purpose or time:

Quito Initiative*	\$ 2,069,565
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Encuentro con Dios project	14,350
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Missionary support	33,793
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Noncash contribution receivable–restricted for time	56,731
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	<u>\$ 2,174,439</u>
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Net assets with donor restrictions in perpetuity:

The Roy S. LeTourneau endowment	\$ 4,323
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\*The Quito Initiative incorporates funds for the Norte, Chillos, and LeTourneau 20/20 projects, which are subsets of the initiative as they are restricted for the same end purpose.

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2020

7. COMMITMENTS:

CMI is obligated under an operating lease for its office facilities under a 36-month lease commencing November 2019, at a monthly rate of \$2,656 until maturity in October 2022. Future minimum lease payments are as follows:

<u>Year Ending May 31,</u>	
2021	\$ 31,875
2022	31,875
2023	13,281
	<hr/>
	\$ 77,031
	<hr/>

The office rent expense totaled \$56,581 for the year ended May 31, 2020, which includes \$23,672 of donated rent.

8. FEDERAL GRANTS:

In April 2020, CMI applied for and received a Payroll Protection Program loan in the amount of \$35,278. The loan will be fully forgiven if CMI incurs qualifying expenditures for payroll and other operating costs. As of May 31, 2020, CMI qualified for forgiveness of the loan in the amount of \$29,840, which is included with federal grants with donor restrictions on the statement of activities. The remaining \$5,438 of the loan is included with accounts payable and other liabilities on the statement of financial position.

9. RETIREMENT PLAN:

CMI has established a voluntary salary reduction arrangement under section 403(b) of the Internal Revenue Service Code. CMI provides a 1, 3, or 5 percent match depending on years of service. Employer contributions totaled \$7,274 for the year ended May 31, 2020.

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2020

### 10. 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 net assets with donor restrictions restricted in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 net assets with donor restrictions in perpetuity is classified as net assets without donor restrictions due to the terms of the endowment that do not restrict the income.

As of May 31, 2020, CMI's endowment fund has a balance of \$4,323. Changes in endowment net assets are recorded as net assets with donor restrictions until appropriated, because the endowment agreement does not impose a purpose restriction on these funds.

*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, 2020.

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.

### 11. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of the COVID-19 as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of CMI for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

# CHURCH MINISTRIES INTERNATIONAL, INC.

## Notes to Financial Statements

May 31, 2020

12. DONOR CONCENTRATION:

For the year ended May 31, 2020, approximately 19% of CMI's contributions were provided by two donors. The implications of this concentration are recognized by management and the board.

13. RELATED PARTY TRANSACTIONS:

During the year ended May 31, 2020, CMI received approximately \$26,000 of contributions from board members and members of management.

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 14, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.