



Financial Statements  
With Independent Auditors' Report

December 31, 2018 and 2017

# PARACLETE MISSION GROUP

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Paraclete Mission Group  
Colorado Springs, Colorado

We have audited the accompanying financial statements of Paraclete Mission Group, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, 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.

### *Auditors' 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 audit 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.

Board of Directors  
Paraclete Mission Group  
Colorado Springs, Colorado

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Paraclete Mission Group as of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

Paraclete Mission Group has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in note 2. This has had a material effect on the presentation of the December 31, 2018 and 2017 financial statements. Our opinion is not modified with respect to this matter.

*Capin Crouse LLP*

Colorado Springs, Colorado  
May 23, 2019

# PARACLETE MISSION GROUP

## Statements of Financial Position

	December 31,	
	2018	2017
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 408,066	\$ 353,519
Investments	342,271	273,758
Other current assets	2,025	536
	<u>752,362</u>	<u>627,813</u>
Property and equipment—net	1,170	2,106
	<u>1,170</u>	<u>2,106</u>
Total Assets	<u>\$ 753,532</u>	<u>\$ 629,919</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 20,038	\$ 11,124
	<u>20,038</u>	<u>11,124</u>
Net assets:		
Without donor restrictions—operating	121,015	116,691
With donor restrictions—associate ministry funds	612,479	502,104
	<u>733,494</u>	<u>618,795</u>
Total Liabilities and Net Assets	<u>\$ 753,532</u>	<u>\$ 629,919</u>

See notes to financial statements

# PARACLETE MISSION GROUP

## Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 27,946	\$ 2,171,819	\$ 2,199,765	\$ 9,153	\$ 1,967,971	\$ 1,977,124
Other income	9,369	-	9,369	3,659	-	3,659
<b>Total Support and Revenue</b>	<b>37,315</b>	<b>2,171,819</b>	<b>2,209,134</b>	<b>12,812</b>	<b>1,967,971</b>	<b>1,980,783</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	1,843,930	(1,843,930)	-	1,662,393	(1,662,393)	-
Administrative assessments	217,514	(217,514)	-	193,702	(193,702)	-
<b>Total Net Assets Released</b>	<b>2,061,444</b>	<b>(2,061,444)</b>	<b>-</b>	<b>1,856,095</b>	<b>(1,856,095)</b>	<b>-</b>
<b>EXPENSES:</b>						
Program services	1,634,541	-	1,634,541	1,473,150	-	1,473,150
Supporting activities:						
General and administrative	291,531	-	291,531	267,174	-	267,174
Fundraising	168,363	-	168,363	136,105	-	136,105
	459,894	-	459,894	403,279	-	403,279
<b>Total Expenses</b>	<b>2,094,435</b>	<b>-</b>	<b>2,094,435</b>	<b>1,876,429</b>	<b>-</b>	<b>1,876,429</b>
Change in Net Assets	4,324	110,375	114,699	(7,522)	111,876	104,354
Net Assets, Beginning of Year	116,691	502,104	618,795	124,213	390,228	514,441
Net Assets, End of Year	\$ 121,015	\$ 612,479	\$ 733,494	\$ 116,691	\$ 502,104	\$ 618,795

See notes to financial statements

# PARACLETE MISSION GROUP

## Statements of Functional Expenses

	Year Ended December 31, 2018			
	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries and wages	\$ 1,214,921	\$ 140,734	\$ 143,347	\$ 1,499,002
Services, supplies, and other	339,145	147,075	24,273	510,493
Grants to others	63,130	2,000	-	65,130
Occupancy, utilities, and maintenance	8,747	358	743	9,848
Employee benefits	8,598	428	-	9,026
Depreciation and amortization	-	936	-	936
	<u>\$ 1,634,541</u>	<u>\$ 291,531</u>	<u>\$ 168,363</u>	<u>\$ 2,094,435</u>
	78.0%	13.9%	8.0%	

	Year Ended December 31, 2017			
	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries and wages	\$ 1,110,473	\$ 138,481	\$ 121,480	\$ 1,370,434
Services, supplies, and other	286,229	127,578	14,625	428,432
Grants to others	70,713	-	-	70,713
Employee benefits	4,851	323	-	5,174
Occupancy, utilities, and maintenance	884	90	-	974
Depreciation and amortization	-	702	-	702
	<u>\$ 1,473,150</u>	<u>\$ 267,174</u>	<u>\$ 136,105</u>	<u>\$ 1,876,429</u>
	78.5%	14.2%	7.3%	

See notes to financial statements

# PARACLETE MISSION GROUP

## Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 114,699	\$ 104,354
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	936	702
Net realized and unrealized losses	(3,882)	(221)
Changes in operating assets and liabilities:		
Other current assets	(1,489)	1,545
Accounts payable and accrued expenses	8,914	(11,770)
Net Cash Provided by Operating Activities	<u>119,178</u>	<u>94,610</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(64,631)	(335,537)
Proceeds from sales of investments	-	62,000
Purchases of property and equipment	-	(2,808)
Net Cash Used by Investing Activities	<u>(64,631)</u>	<u>(276,345)</u>
Change in Cash and Cash Equivalents	54,547	(181,735)
Cash and Cash Equivalents, Beginning of Year	<u>353,519</u>	<u>535,254</u>
Cash and Cash Equivalents, End of Year	<u>\$ 408,066</u>	<u>\$ 353,519</u>

See notes to financial statements



# PARACLETE MISSION GROUP

## Notes to Financial Statements

December 31, 2018 and 2017

1. NATURE OF ORGANIZATION:

Paraclete Mission Group, Inc. dba Paraclete Mission Group (Paraclete), a nonprofit organization incorporated in the State of Illinois, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, Paraclete is subject to federal income tax on any unrelated business taxable income. In addition, Paraclete is not a private foundation according to Section 509(a) of the IRC.

Paraclete provides management, financial, and organizational mentoring support to Christian mission agencies, evangelical Christian churches, and other projects determined to further Christian religious purposes. Paraclete also assists in equipping and training international workers. Support for Paraclete's ministries consists primarily of donations from individuals, churches, and foundations.

2. SIGNIFICANT ACCOUNTING POLICIES:

Paraclete maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of 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, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and savings accounts. As of December 31, 2018 and 2017, Paraclete has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$155,000 and \$39,000, respectively. Paraclete has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

### INVESTMENTS

Investments consist of certificates of deposit, with maturities longer than 90 days from the time of purchase. Gains and losses are recorded when incurred in the statements of activities.

### PROPERTY AND EQUIPMENT—NET

During the years ended December 31, 2018 and 2017, Paraclete capitalized furniture and equipment purchases exceeding \$2,500 and expensed lesser amounts in the year purchased. Property and equipment are recorded at cost. Donated items are recorded at their fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives, which range from three to seven years.

# PARACLETE MISSION GROUP

## Notes to Financial Statements

December 31, 2018 and 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CLASSES OF NET ASSETS

The net assets of Paraclete are reported in the following two classes:

*Net assets without donor restrictions* are currently available for use at the discretion of the board of directors and those resources invested in property and equipment.

*Net assets with donor restrictions* are those resources which are restricted by donors primarily for associate support.

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for use without restrictions unless specifically restricted by the donor. Those contributions received after year-end that were postmarked by December 31, 2018, were recorded as contributions and cash and cash equivalents rather than promises to give.

Other income consists of honorariums and interest, and is recorded when earned.

#### EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Paraclete. Salaries and wages and employee benefits are allocated based on time and effort. Costs of other categories were allocated based on the purpose of the expense.

Expenses are recognized when incurred in accordance with the accrual basis of accounting. Program expenses of Paraclete include expenditures for Soul Care and Member Care, Organizational Development, Training in Missions, and over 120 other ministry specialties for service to the Kingdom of God.

#### ADMINISTRATIVE ASSESSMENTS

Paraclete charges a 10% administrative fee on contributions restricted for associate support. Total administrative assessments were \$217,514 and \$193,702 for the years ended December 31, 2018 and 2017, respectively.

# PARACLETE MISSION GROUP

## Notes to Financial Statements

December 31, 2018 and 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ADOPTION OF NEW ACCOUNTING STANDARD

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Paraclete adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added including liquidity and funds available (note 4), and disclosures related to the functional allocation of expenses were expanded (note 2, above). Adoption of this standard had no effect on the change in net assets by class of net assets or in total.

### 3. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

As of December 31, 2018 and 2017, respectively, investments consisted of \$342,271 and \$273,758 of certificates of deposit.

Investments are reported at their readily determinable fair values, except for certificates of deposit which are generally reported at cost. However, Paraclete's certificates of deposit are held at fair market value which is Level 2 in the Financial Accounting Standards Board Accounting Standards Codification hierarchy.

### 4. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Paraclete's financial assets reduced by amounts not available for general use within one year, as of December 31, 2018. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

#### Financial assets:

Cash and cash equivalents	\$ 408,066
Investments	<u>342,271</u>

Financial assets available within one year to meet cash needs  
for general expenditures

\$ 750,337

Paraclete structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through detailed financial analysis.

# PARACLETE MISSION GROUP

## Notes to Financial Statements

December 31, 2018 and 2017

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	December 31,	
	2018	2017
Equipment	\$ 13,926	\$ 13,926
Less accumulated depreciation	(12,756)	(11,820)
	<u>\$ 1,170</u>	<u>\$ 2,106</u>

6. SUBSEQUENT EVENTS:

Subsequent events were evaluated through May 23, 2019, which is the date the financial statements were available to be issued.