



PARACLETE  
mission group

## PARACLETE MISSION GROUP

Financial Statements  
With Independent Auditors' Report

December 31, 2019 and 2018

# PARACLETE MISSION GROUP

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## **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, 2019 and 2018, 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, 2019 and 2018, 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.

*Capin Crouse LLP*

Colorado Springs, Colorado  
June 17, 2020

# PARACLETE MISSION GROUP

## Statements of Financial Position

	December 31,	
	2019	2018
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 519,324	\$ 408,066
Investments	477,159	342,271
Other current assets	-	2,025
	<u>996,483</u>	<u>752,362</u>
Property and equipment—net	<u>4,275</u>	<u>1,170</u>
Total Assets	<u>\$ 1,000,758</u>	<u>\$ 753,532</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 18,082</u>	<u>\$ 20,038</u>
Net assets:		
Without donor restrictions	144,359	121,015
With donor restrictions	<u>838,317</u>	<u>612,479</u>
	<u>982,676</u>	<u>733,494</u>
Total Liabilities and Net Assets	<u>\$ 1,000,758</u>	<u>\$ 753,532</u>

See notes to financial statements

# PARACLETE MISSION GROUP

## Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 16,849	\$ 2,689,775	\$ 2,706,624	\$ 27,946	\$ 2,171,819	\$ 2,199,765
Other income	12,437	-	12,437	9,369	-	9,369
<b>Total Support and Revenue</b>	<b>29,286</b>	<b>2,689,775</b>	<b>2,719,061</b>	<b>37,315</b>	<b>2,171,819</b>	<b>2,209,134</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	2,196,287	(2,196,287)	-	1,843,930	(1,843,930)	-
Administrative assessments	267,650	(267,650)	-	217,514	(217,514)	-
<b>Total Net Assets Released</b>	<b>2,463,937</b>	<b>(2,463,937)</b>	<b>-</b>	<b>2,061,444</b>	<b>(2,061,444)</b>	<b>-</b>
<b>EXPENSES:</b>						
Program services	1,953,878	-	1,953,878	1,634,541	-	1,634,541
Supporting activities:						
General and administrative	315,736	-	315,736	291,531	-	291,531
Fundraising	200,265	-	200,265	168,363	-	168,363
	516,001	-	516,001	459,894	-	459,894
<b>Total Expenses</b>	<b>2,469,879</b>	<b>-</b>	<b>2,469,879</b>	<b>2,094,435</b>	<b>-</b>	<b>2,094,435</b>
<b>Change in Net Assets</b>	<b>23,344</b>	<b>225,838</b>	<b>249,182</b>	<b>4,324</b>	<b>110,375</b>	<b>114,699</b>
<b>Net Assets, Beginning of Year</b>	<b>121,015</b>	<b>612,479</b>	<b>733,494</b>	<b>116,691</b>	<b>502,104</b>	<b>618,795</b>
<b>Net Assets, End of Year</b>	<b>\$ 144,359</b>	<b>\$ 838,317</b>	<b>\$ 982,676</b>	<b>\$ 121,015</b>	<b>\$ 612,479</b>	<b>\$ 733,494</b>

See notes to financial statements

# PARACLETE MISSION GROUP

## Statements of Functional Expenses

	Year Ended December 31, 2019			
	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries and wages	\$ 1,499,062	\$ 154,966	\$ 175,103	\$ 1,829,131
Services, supplies, and other	385,980	155,656	25,162	566,798
Grants to others	46,117	-	-	46,117
Occupancy, utilities, and maintenance	16,211	3,458	-	19,669
Employee benefits	6,508	876	-	7,384
Depreciation	-	780	-	780
	<u>\$ 1,953,878</u>	<u>\$ 315,736</u>	<u>\$ 200,265</u>	<u>\$ 2,469,879</u>

	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	-	936	-	936
	<u>\$ 1,634,541</u>	<u>\$ 291,531</u>	<u>\$ 168,363</u>	<u>\$ 2,094,435</u>

See notes to financial statements

# PARACLETE MISSION GROUP

## Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 249,182	\$ 114,699
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	780	936
Net realized and unrealized gains on investments	(7,899)	(3,882)
Loss on disposal of fixed assets	390	-
Changes in operating assets and liabilities:		
Other current assets	2,025	(1,489)
Accounts payable and accrued expenses	(1,956)	8,914
Net Cash Provided by Operating Activities	<u>242,522</u>	<u>119,178</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(126,989)	(64,631)
Purchases of property and equipment	(4,275)	-
Net Cash Used by Investing Activities	<u>(131,264)</u>	<u>(64,631)</u>
Change in Cash and Cash Equivalents	111,258	54,547
Cash and Cash Equivalents, Beginning of Year	<u>408,066</u>	<u>353,519</u>
Cash and Cash Equivalents, End of Year	<u>\$ 519,324</u>	<u>\$ 408,066</u>

See notes to financial statements

# PARACLETE MISSION GROUP

## Notes to Financial Statements

### 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, 2019 and 2018, Paraclete has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$189,000 and \$90,000, 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, 2019 and 2018, 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

### 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 resources 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 are 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 are allocated based on the purpose of the expense. Expenses are recognized when incurred in accordance with the accrual basis of accounting.

#### ADMINISTRATIVE ASSESSMENTS

Paraclete charges a 10% administrative fee on contributions restricted for associate support. Total administrative assessments were approximately \$268,000 and \$218,000, for the years ended December 31, 2019 and 2018, respectively.

# PARACLETE MISSION GROUP

## Notes to Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ADOPTION OF NEW ACCOUNTING STANDARDS

In 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Paraclete adopted the provisions of this new standard during the year ended December 31, 2019. The new standard clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or exchange transaction. Adoption of this standard had no effect on change in net assets or net assets in total.

### 3. LIQUIDITY AND FUNDS AVAILABLE:

As of December 31, 2019 and 2018, financial assets consist of cash, cash equivalents, and investments totaling \$996,483 and \$750,337, respectively. Management did not identify any items not available for general expenditure because of contractual or donor-imposed restrictions within one year of the financial statements of financial position date. Therefore, as of December 31, 2019 and 2018, all financial assets were available to meet cash needs for general expenditures within one year.

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.

### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

As of December 31, 2019 and 2018, investments consisted of certificates of deposit of approximately, \$477,000 and \$342,000, respectively.

Investments are reported at their readily determinable fair values, except for certificates of deposit which are generally reported at cost. However, Paraclete has elected to apply the fair value option; therefore, its certificates are held at fair market value, which is Level 2 in the Financial Accounting Standards Board Accounting Standards Codification hierarchy.

# PARACLETE MISSION GROUP

## Notes to Financial Statements

5. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	December 31,	
	2019	2018
Equipment	\$ 15,393	\$ 13,926
Less accumulated depreciation	(11,118)	(12,756)
	<u>\$ 4,275</u>	<u>\$ 1,170</u>

6. SUBSEQUENT EVENTS:

Subsequent events were evaluated through June 17, 2020, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.