



Financial Statements  
With Independent Auditors' Report

December 31, 2016 and 2015

# 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, 2016 and 2015, and the related statements of activities 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, 2016 and 2015, 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  
May 26, 2017

# PARACLETE MISSION GROUP

## Statements of Financial Position

	December 31,	
	<u>2016</u>	<u>2015</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 535,254	\$ 471,414
Other current assets	<u>2,081</u>	<u>360</u>
Total Assets	<u>\$ 537,335</u>	<u>\$ 471,774</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 22,894</u>	<u>\$ 13,717</u>
Net assets:		
Unrestricted-operating	124,213	114,856
Temporarily restricted—associate ministry funds	<u>390,228</u>	<u>343,201</u>
	<u>514,441</u>	<u>458,057</u>
Total Liabilities and Net Assets	<u>\$ 537,335</u>	<u>\$ 471,774</u>

See notes to financial statements

# PARACLETE MISSION GROUP

## Statements of Activities

	Year Ended December 31,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 38,967	\$ 1,564,104	\$ 1,603,071	\$ 13,857	\$ 1,465,960	\$ 1,479,817
Other income	3,150	-	3,150	2,122	-	2,122
<b>Total Support and Revenue</b>	<b>42,117</b>	<b>1,564,104</b>	<b>1,606,221</b>	<b>15,979</b>	<b>1,465,960</b>	<b>1,481,939</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	1,360,963	(1,360,963)	-	1,292,169	(1,292,169)	-
Administrative assessments	156,114	(156,114)	-	147,198	(147,198)	-
<b>Total Net Assets Released</b>	<b>1,517,077</b>	<b>(1,517,077)</b>	<b>-</b>	<b>1,439,367</b>	<b>(1,439,367)</b>	<b>-</b>
<b>EXPENSES:</b>						
Program services	1,175,527	-	1,175,527	1,143,589	-	1,143,589
Supporting activities:						
General and administrative	251,573	-	251,573	235,705	-	235,705
Fund-raising	122,737	-	122,737	115,432	-	115,432
	374,310	-	374,310	351,137	-	351,137
<b>Total Expenses</b>	<b>1,549,837</b>	<b>-</b>	<b>1,549,837</b>	<b>1,494,726</b>	<b>-</b>	<b>1,494,726</b>
<b>Change in Net Assets</b>	<b>9,357</b>	<b>47,027</b>	<b>56,384</b>	<b>(39,380)</b>	<b>26,593</b>	<b>(12,787)</b>
<b>Net Assets, Beginning of Year</b>	<b>114,856</b>	<b>343,201</b>	<b>458,057</b>	<b>154,236</b>	<b>316,608</b>	<b>470,844</b>
<b>Net Assets, End of Year</b>	<b>\$ 124,213</b>	<b>\$ 390,228</b>	<b>\$ 514,441</b>	<b>\$ 114,856</b>	<b>\$ 343,201</b>	<b>\$ 458,057</b>

See notes to financial statements

# PARACLETE MISSION GROUP

## Statements of Cash Flows

	Year Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 56,384	\$ (12,787)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	375
Loss on disposal of furniture and equipment	-	4,024
Changes in operating assets and liabilities:		
Other current assets	(1,721)	8,082
Accounts payable and accrued expenses	9,177	3,650
Net Cash Provided by Operating Activities	<u>63,840</u>	<u>3,344</u>
Change in Cash and Cash Equivalents	63,840	3,344
Cash and Cash Equivalents, Beginning of Year	<u>471,414</u>	<u>468,070</u>
Cash and Cash Equivalents, End of Year	<u>\$ 535,254</u>	<u>\$ 471,414</u>

See notes to financial statements

# PARACLETE MISSION GROUP

## Notes to Financial Statements

December 31, 2016 and 2015

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 (the Code) and is not a private foundation according to Section 509(a) of the Code.

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, savings, and money market accounts. These accounts may, at times, exceed federally insured limits. 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.

### FURNITURE AND EQUIPMENT—NET

During the years ended December 31, 2016 and 2015, 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.

As of December 31, 2016 and 2015, fixed assets held by Paraclete were fully depreciated, resulting in a net book value of zero. Therefore, fixed assets were not included on the statements of financial position as of December 31, 2016 and 2015.

# PARACLETE MISSION GROUP

## Notes to Financial Statements

December 31, 2016 and 2015

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CLASSES OF NET ASSETS

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

*Unrestricted net assets* are currently available for use at the discretion of the board of directors and those resources invested in furniture and equipment.

*Temporarily restricted net assets* are those resources which are preferenced by donors primarily for associate support.

#### SUPPORT, REVENUE, AND EXPENSES

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Those contributions received after year-end that were postmarked by December 31, 2016, 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 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 \$156,114 and \$147,198 for the years ended December 31, 2016 and 2015, 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 December 31, 2016, Paraclete had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Paraclete is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

### 3. 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.