



Financial Statements
With Independent Auditors' Report

December 31, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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 23, 2018

PARACLETE MISSION GROUP

Statements of Financial Position

	December 31,	
	2017	2016
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 353,519	\$ 535,254
Investments	273,758	-
Other current assets	536	2,081
	<u>627,813</u>	<u>537,335</u>
Property and equipment–net	2,106	-
	<u>2,106</u>	<u>-</u>
Total Assets	<u>\$ 629,919</u>	<u>\$ 537,335</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 11,124	\$ 22,894
	<u>11,124</u>	<u>22,894</u>
Net assets:		
Unrestricted–operating	116,691	124,213
Temporarily restricted–associate ministry funds	502,104	390,228
	<u>618,795</u>	<u>514,441</u>
Total Liabilities and Net Assets	<u>\$ 629,919</u>	<u>\$ 537,335</u>

See notes to financial statements

PARACLETE MISSION GROUP

Statements of Activities

	Year Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 9,153	\$ 1,967,971	\$ 1,977,124	\$ 38,967	\$ 1,564,104	\$ 1,603,071
Other income	3,659	-	3,659	3,150	-	3,150
Total Support and Revenue	12,812	1,967,971	1,980,783	42,117	1,564,104	1,606,221
NET ASSETS RELEASED:						
Purpose restrictions	1,662,393	(1,662,393)	-	1,360,963	(1,360,963)	-
Administrative assessments	193,702	(193,702)	-	156,114	(156,114)	-
Total Net Assets Released	1,856,095	(1,856,095)	-	1,517,077	(1,517,077)	-
EXPENSES:						
Program services	1,473,150	-	1,473,150	1,175,527	-	1,175,527
Supporting activities:						
General and administrative	267,174	-	267,174	251,573	-	251,573
Fund-raising	136,105	-	136,105	122,737	-	122,737
	403,279	-	403,279	374,310	-	374,310
Total Expenses	1,876,429	-	1,876,429	1,549,837	-	1,549,837
Change in Net Assets	(7,522)	111,876	104,354	9,357	47,027	56,384
Net Assets, Beginning of Year	124,213	390,228	514,441	114,856	343,201	458,057
Net Assets, End of Year	\$ 116,691	\$ 502,104	\$ 618,795	\$ 124,213	\$ 390,228	\$ 514,441

See notes to financial statements

PARACLETE MISSION GROUP

Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 104,354	\$ 56,384
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	702	-
Net realized and unrealized losses	(221)	-
Changes in operating assets and liabilities:		
Other current assets	1,545	(1,721)
Accounts payable and accrued expenses	(11,770)	9,177
Net Cash Provided by Operating Activities	<u>94,610</u>	<u>63,840</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(335,537)	-
Proceeds from sales of investments	62,000	-
Purchases of property and equipment	(2,808)	-
Net Cash Used by Investing Activities	<u>(276,345)</u>	<u>-</u>
Change in Cash and Cash Equivalents	(181,735)	63,840
Cash and Cash Equivalents, Beginning of Year	<u>535,254</u>	<u>471,414</u>
Cash and Cash Equivalents, End of Year	<u>\$ 353,519</u>	<u>\$ 535,254</u>

See notes to financial statements

PARACLETE MISSION GROUP

Notes to Financial Statements

December 31, 2017 and 2016

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, the organization 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, savings, and money market accounts. As of December 31, 2017 and 2016, respectively, Paraclete held cash in excess of the federally insured (FDIC) limits by approximately \$39,000 and \$34,000, 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, 2017 and 2016, 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, 2017 and 2016

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 property 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, 2017, 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. 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 \$193,702 and \$156,114 for the years ended December 31, 2017 and 2016, respectively.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

As of December 31, 2017, investments consisted of \$273,758 of certificates of deposit. There were no investments as of December 31, 2016.

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.

PARACLETE MISSION GROUP

Notes to Financial Statements

December 31, 2017 and 2016

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	December 31,	
	2017	2016
Equipment	\$ 13,926	\$ 11,118
Less accumulated depreciation	11,820	(11,118)
	<u>\$ 2,106</u>	<u>\$ -</u>

5. SUBSEQUENT EVENTS:

Subsequent events were evaluated through May 23, 2018, which is the date the financial statements were available to be issued.