



PARACLETE
mission group

PARACLETE MISSION GROUP

Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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
July 7, 2021

PARACLETE MISSION GROUP

Statements of Financial Position

	December 31,	
	2020	2019
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 1,876,082	\$ 519,324
Investments	283,568	477,159
	<u>2,159,650</u>	<u>996,483</u>
Property and equipment—net	2,850	4,275
	<u>2,850</u>	<u>4,275</u>
Total Assets	<u>\$ 2,162,500</u>	<u>\$ 1,000,758</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 7,611	\$ 18,082
Paycheck Protection Program loan	306,712	-
	<u>314,323</u>	<u>18,082</u>
Net assets:		
Without donor restrictions	234,753	144,359
With donor restrictions	1,613,424	838,317
	<u>1,848,177</u>	<u>982,676</u>
Total Liabilities and Net Assets	<u>\$ 2,162,500</u>	<u>\$ 1,000,758</u>

See notes to financial statements

PARACLETE MISSION GROUP

Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 23,937	\$ 3,800,744	\$ 3,824,681	\$ 16,849	\$ 2,689,775	\$ 2,706,624
Other income	14,174	-	14,174	12,437	-	12,437
Total Support and Revenue	38,111	3,800,744	3,838,855	29,286	2,689,775	2,719,061
NET ASSETS RELEASED:						
Purpose restrictions	2,656,741	(2,656,741)	-	2,196,287	(2,196,287)	-
Administrative assessments	368,896	(368,896)	-	267,650	(267,650)	-
Total Net Assets Released	3,025,637	(3,025,637)	-	2,463,937	(2,463,937)	-
EXPENSES:						
Program services	2,390,896	-	2,390,896	1,953,878	-	1,953,878
Supporting activities:						
General and administrative	324,434	-	324,434	315,736	-	315,736
Fundraising	258,024	-	258,024	200,265	-	200,265
	582,458	-	582,458	516,001	-	516,001
Total Expenses	2,973,354	-	2,973,354	2,469,879	-	2,469,879
Change in Net Assets	90,394	775,107	865,501	23,344	225,838	249,182
Net Assets, Beginning of Year	144,359	838,317	982,676	121,015	612,479	733,494
Net Assets, End of Year	\$ 234,753	\$ 1,613,424	\$ 1,848,177	\$ 144,359	\$ 838,317	\$ 982,676

See notes to financial statements

PARACLETE MISSION GROUP

Statements of Functional Expenses

	Year Ended December 31, 2020			
	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries and wages	\$ 2,103,813	\$ 160,157	\$ 242,650	\$ 2,506,620
Services, supplies, and other	220,681	162,007	15,374	398,062
Grants to others	41,062	-	-	41,062
Occupancy, utilities, and maintenance	19,331	845	-	20,176
Employee benefits	6,009	-	-	6,009
Depreciation	-	1,425	-	1,425
	\$ 2,390,896	\$ 324,434	\$ 258,024	\$ 2,973,354

	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
	\$ 1,953,878	\$ 315,736	\$ 200,265	\$ 2,469,879

See notes to financial statements

PARACLETE MISSION GROUP

Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 865,501	\$ 249,182
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,425	780
Net realized and unrealized gains on investments	(11,036)	(7,899)
Loss on disposal of fixed assets	-	390
Changes in operating assets and liabilities:		
Other current assets	-	2,025
Accounts payable and accrued expenses	(10,471)	(1,956)
Net Cash Provided by Operating Activities	845,419	242,522
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(272,532)	(126,989)
Maturities of certificates of deposit	477,159	-
Purchases of property and equipment	-	(4,275)
Net Cash Provided (Used) by Investing Activities	204,627	(131,264)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	306,712	-
Net Cash Provided by Financing Activities	306,712	-
Change in Cash and Cash Equivalents	1,356,758	111,258
Cash and Cash Equivalents, Beginning of Year	519,324	408,066
Cash and Cash Equivalents, End of Year	\$ 1,876,082	\$ 519,324

See notes to financial statements

PARACLETE MISSION GROUP

Notes to Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019, Paraclete has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$1,106,000 and \$189,000, 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, 2020 and 2019, 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, 2020 and 2019

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 \$369,000 and \$268,000, for the years ended December 31, 2020 and 2019, respectively.

PARACLETE MISSION GROUP

Notes to Financial Statements

December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ADOPTION OF NEW ACCOUNTING STANDARD

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. Paraclete adopted the provisions of this new standard during the year ended December 31, 2020. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had an immaterial effect on the financial statements.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

As of December 31, 2020 and 2019, investments consisted of certificates of deposit of approximately, \$284,000 and \$477,000, 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.

4. LIQUIDITY AND FUNDS AVAILABLE:

As of December 31, 2020 and 2019, financial assets consist of cash, cash equivalents, and investments totaling \$2,159,650 and \$996,483, 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, 2020 and 2019, 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.

PARACLETE MISSION GROUP

Notes to Financial Statements

December 31, 2020 and 2019

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	December 31,	
	2020	2019
Equipment	\$ 15,393	\$ 15,393
Less accumulated depreciation	(12,543)	(11,118)
	<u>\$ 2,850</u>	<u>\$ 4,275</u>

6. PAYCHECK PROTECTION PROGRAM LOAN

On May 4, 2020 Paraclete received funding for a Paycheck Protection Program loan of approximately \$306,000 through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This loan qualifies for forgiveness if requirements set by the Small Business Administration are met. The loan bears interest at 1% per annum. Any unforgiven portion of the loan is to be repaid over two years in monthly installments beginning six months after the expiration of the 24 week period beginning on May 4, 2020, the date the loan was funded. During the year ended December 31, 2020, Paraclete met the requirements for forgiveness as set by the Small Business Administration (SBA).

7. RISKS AND UNCERTAINTIES

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (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. Economic uncertainties have arisen which are likely to negatively impact contribution revenue and investments. 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 Paraclete for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

8. SUBSEQUENT EVENTS:

Subsequent to year end Paraclete received notice the SBA has forgiven the Paycheck Protection Program loan in its entirety.

Subsequent events were evaluated through July 7, 2021, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.