



PARACLETE
mission group

PARACLETE MISSION GROUP

Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

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

Opinion

We have audited the accompanying financial statements of Paraclete Mission Group, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Paraclete Mission Group and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Paraclete Mission Group's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Paraclete Mission Group
Colorado Springs, Colorado

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Paraclete Mission Group's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Paraclete Mission Group's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Colorado Springs, Colorado
May 19, 2022

PARACLETE MISSION GROUP

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 670,021	\$ 1,876,082
Investments	1,761,725	283,568
Other current assets	27,113	-
	<u>2,458,859</u>	<u>2,159,650</u>
Property and equipment–net	1,425	2,850
	<u>1,425</u>	<u>2,850</u>
Total assets	<u>\$ 2,460,284</u>	<u>\$ 2,162,500</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 13,218	\$ 7,611
Paycheck Protection Program loan	-	306,712
Total liabilities	<u>13,218</u>	<u>314,323</u>
Net assets:		
Without donor restrictions	353,970	234,753
With donor restrictions	2,093,096	1,613,424
Total net assets	<u>2,447,066</u>	<u>1,848,177</u>
Total liabilities and net assets	<u>\$ 2,460,284</u>	<u>\$ 2,162,500</u>

See notes to financial statements

PARACLETE MISSION GROUP

Statements of Activities

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 29,406	\$ 4,393,366	\$ 4,422,772	\$ 23,937	\$ 3,800,744	\$ 3,824,681
Gain on extinguishment of debt	306,712	-	306,712	-	-	-
Other income	25,471	-	25,471	14,174	-	14,174
Total Support and Revenue	361,589	4,393,366	4,754,955	38,111	3,800,744	3,838,855
NET ASSETS RELEASED:						
Purpose restrictions	3,472,092	(3,472,092)	-	2,656,741	(2,656,741)	-
Administrative assessments	441,602	(441,602)	-	368,896	(368,896)	-
Total Net Assets Released	3,913,694	(3,913,694)	-	3,025,637	(3,025,637)	-
EXPENSES:						
Program services	3,489,759	-	3,489,759	2,390,896	-	2,390,896
Supporting activities:						
General and administrative	366,602	-	366,602	324,434	-	324,434
Fundraising	299,705	-	299,705	258,024	-	258,024
	666,307	-	666,307	582,458	-	582,458
Total Expenses	4,156,066	-	4,156,066	2,973,354	-	2,973,354
Change in Net Assets	119,217	479,672	598,889	90,394	775,107	865,501
Net Assets, Beginning of Year	234,753	1,613,424	1,848,177	144,359	838,317	982,676
Net Assets, End of Year	\$ 353,970	\$ 2,093,096	\$ 2,447,066	\$ 234,753	\$ 1,613,424	\$ 1,848,177

See notes to financial statements

PARACLETE MISSION GROUP

Statements of Functional Expenses

	Year Ended December 31, 2021			Total
	Program Services	General and Administrative	Fundraising	
Salaries and wages	\$ 2,420,012	\$ 185,121	\$ 278,916	\$ 2,884,049
Services, supplies, and other	481,621	176,091	20,789	678,501
Grants to others	528,525	-	-	528,525
Occupancy, utilities, and maintenance	47,629	2,394	-	50,023
Employee benefits	11,972	1,571	-	13,543
Depreciation	-	1,425	-	1,425
	\$ 3,489,759	\$ 366,602	\$ 299,705	\$ 4,156,066

	Year Ended December 31, 2020			Total
	Program Services	General and Administrative	Fundraising	
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

See notes to financial statements

PARACLETE MISSION GROUP

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 598,889	\$ 865,501
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,425	1,425
Net realized and unrealized (gains) losses on investments	5,734	(11,036)
Gain on extinguishment of debt	(306,712)	-
Changes in operating assets and liabilities:		
Other current assets	(27,113)	-
Accounts payable and accrued expenses	5,607	(10,471)
Net Cash Provided by Operating Activities	<u>277,830</u>	<u>845,419</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,483,891)	(272,532)
Maturities of certificates of deposit	-	477,159
Net Cash Provided (Used) by Investing Activities	<u>(1,483,891)</u>	<u>204,627</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	-	306,712
Net Cash Provided by Financing Activities	<u>-</u>	<u>306,712</u>
Change in Cash and Cash Equivalents	(1,206,061)	1,356,758
Cash and Cash Equivalents, Beginning of Year	<u>1,876,082</u>	<u>519,324</u>
Cash and Cash Equivalents, End of Year	<u>\$ 670,021</u>	<u>\$ 1,876,082</u>

See notes to financial statements

PARACLETE MISSION GROUP

Notes to Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020, Paraclete has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$44,000 and \$1,106,000, 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 and mutual funds with readily determinable market values. Gains and losses are recorded when incurred in the statements of activities.

PROPERTY AND EQUIPMENT—NET

During the years ended December 31, 2021 and 2020, 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, 2021 and 2020

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.

Gain on extinguishment of debt consists of Paycheck Protection Program loan forgiveness, as described in Note 6.

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 \$442,000 and \$369,000, for the years ended December 31, 2021 and 2020, respectively.

PARACLETE MISSION GROUP

Notes to Financial Statements

December 31, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE:

As of December 31, 2021 and 2020, financial assets consist of cash, cash equivalents, and investments totaling \$2,458,859 and \$2,159,650, 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, 2021 and 2020, 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:

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. The following table displays the fair values of assets measured on a recurring basis at December 31, 2021:

	December 31, 2021	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments and assets held at fair value:			
Certificates of deposit	\$ 706,255	\$ -	\$ 706,255
Fixed income mutual funds	693,644	693,644	-
Equity mutual funds	200,276	200,276	-
Exchange traded funds	161,550	161,550	-
Total investments	<u>\$ 1,761,725</u>	<u>\$ 1,055,470</u>	<u>\$ 706,255</u>

5. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	December 31,	
	2021	2020
Equipment	\$ 15,393	\$ 15,393
Less accumulated depreciation	(13,968)	(12,543)
	<u>\$ 1,425</u>	<u>\$ 2,850</u>

PARACLETE MISSION GROUP

Notes to Financial Statements

December 31, 2021 and 2020

6. PAYCHECK PROTECTION PROGRAM LOAN:

During the year ended December 31, 2020, Paraclete received funding for a Paycheck Protection Program (PPP) loan of approximately \$307,000 through the Coronavirus Relief and Economic Security Act (CARES Act). As of December 31, 2021, Paraclete received notice that the Small Business Administration had forgiven its PPP loan in its entirety. The entire balance of approximately \$307,000 is recognized as gain on extinguishment of debt in the statements of activities for the year ended December 31, 2021.

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 world. 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 events were evaluated through May 19, 2022, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.