



CENTER FOR MISSION MOBILIZATION

Financial Statements
With Independent Auditors' Report

August 31, 2018

CENTER FOR MISSION MOBILIZATION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Center for Mission Mobilization
Fayetteville, Arkansas

We have audited the accompanying financial statements of Center for Mission Mobilization, which comprise the statement of financial position as of August 31, 2018, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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
Center for Mission Mobilization
Fayetteville, Arkansas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Mission Mobilization as of August 31, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
December 13, 2018

CENTER FOR MISSION MOBILIZATION

Statement of Financial Position

August 31, 2018

ASSETS:

Cash and cash equivalents	\$ 1,283,045
Inventory	58,677
Accounts receivable and other assets	115,520
Property and equipment–net	<u>546,000</u>

Total Assets	<u><u>\$ 2,003,242</u></u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable	\$ 26,775
Accrued expenses	15,189
Note payable	<u>546,000</u>
	<u>587,964</u>

Net assets:

Unrestricted	373,303
Temporarily restricted	<u>1,041,975</u>
	<u>1,415,278</u>

Total Liabilities and Net Assets	<u><u>\$ 2,003,242</u></u>
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See notes to financial statements

CENTER FOR MISSION MOBILIZATION

Statement of Activities

For the Year Ended August 31, 2018

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Contributions	\$ 258,586	\$ 5,353,212	\$ 5,611,798
Educational revenues-net	612,074	-	612,074
Product sales and other income	137,426	-	137,426
Total Support and Revenue	<u>1,008,086</u>	<u>5,353,212</u>	<u>6,361,298</u>
NET ASSETS RELEASED:			
Purpose restrictions	5,047,893	(5,047,893)	-
Administrative assessments	224,350	(224,350)	-
Total Net Assets Released	<u>5,272,243</u>	<u>(5,272,243)</u>	<u>-</u>
EXPENSES:			
Program expenses	5,090,755	-	5,090,755
Supporting activities:			
General and administrative	712,548	-	712,548
Fund-raising	292,340	-	292,340
	<u>1,004,888</u>	<u>-</u>	<u>1,004,888</u>
Total Expenses	<u>6,095,643</u>	<u>-</u>	<u>6,095,643</u>
Change in Net Assets	184,686	80,969	265,655
Net Assets, Beginning of Year	<u>188,617</u>	<u>961,006</u>	<u>1,149,623</u>
Net Assets, End of Year	<u>\$ 373,303</u>	<u>\$ 1,041,975</u>	<u>\$ 1,415,278</u>

See notes to financial statements

CENTER FOR MISSION MOBILIZATION

Statement of Cash Flows

For the Year Ended August 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 265,655
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	2,676
Changes in operating assets and liabilities:	
Inventory	(1,691)
Accounts receivable and other assets	(49,014)
Accounts payable	4,976
Accrued expenses	(30,233)
Net Cash Provided by Operating Activities	<u>192,369</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(546,000)
Net Cash Used by Investing Activities	<u>(546,000)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds on note payable	546,000
Net Cash Provided by Financing Activities	<u>546,000</u>

Net Change in Cash and Cash Equivalents 192,369

Cash and Cash Equivalents, Beginning of Year 1,090,676

Cash and Cash Equivalents, End of Year \$ 1,283,045

See notes to financial statements

CENTER FOR MISSION MOBILIZATION

Notes to Financial Statements

August 31, 2018

1. NATURE OF ORGANIZATION:

Center for Mission Mobilization (CMM) is an organization committed to mobilizing the global Church by raising up disciple-making mobilizers to ignite mission-sending movements to the unreached. CMM desires to see all believers actively participating in God's global plan of redemption and to see the former mission fields become powerful mission forces. It accomplishes this mission through field mobilization teams, resources, and training, and it places a priority in regions where there are large Christian populations with little missions sending.

CMM's mission is to engage, equip, and connect believers worldwide to their most strategic role in completing the Great Commission.

CMM is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, CMM is subject to federal income tax on any unrelated business taxable income. In addition, CMM is not classified as a private foundation within the meaning of Section 509(a) of the IRC. Contributions are CMM's primary source of support and revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

CMM 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 and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those 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 cash held in checking and money market accounts. As of August 31, 2018, cash exceeded federally insured limits by approximately \$879,000. CMM believes it is not exposed to any significant credit risk on cash and cash equivalents.

INVENTORY

Inventory consists mainly of books and related ministry materials. Inventory is recorded at the lower of cost or net realizable value using the weighted average method which approximates the first-in, first-out method. Based on inventory on hand as of August 31, 2018, management has not recorded an allowance for obsolete inventory.

During the current year, CMM adopted *ASU 2015-11, Simplifying the Subsequent Measurement of Inventory*. The new standard is applicable for inventory accounted for using first in, first out (FIFO) or weighted average and requires inventory to be measured at the lower of cost or net realizable value. Prior standards required measurement at lower of cost or fair market value. The new standard has been applied prospectively by CMM for the year ended August 31, 2018.

CENTER FOR MISSION MOBILIZATION

Notes to Financial Statements

August 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, or if donated, at the estimated fair market value at the date of donation. Assets donated with restrictions regarding its use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time. Depreciation is recorded using the straight-line method over estimated useful lives ranging from three to five years. Fixed asset purchases exceeding \$2,500 are capitalized, with lesser amounts expensed in the year of purchase. In August 2018, CMM purchased property. Due to timing, depreciation on the related building will begin in the year ending August 31, 2019. Property and equipment—net consists of the following:

Land	\$	229,320
Building		316,680
Office furniture		55,738
Computer equipment		10,333
		<hr/>
		612,071
Accumulated depreciation		(66,071)
		<hr/>
	\$	546,000
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NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Unrestricted net assets are those resources currently available for CMM's purposes under the direction of the board of directors and those resources invested in property and equipment—net.

Temporarily restricted net assets are those resources contributed with donor stipulations for specific purposes and programs of CMM.

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

CENTER FOR MISSION MOBILIZATION

Notes to Financial Statements

August 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

Educational revenues, product sales, and other income are recorded when earned. Educational revenues consist of income received from the boot camp program, support raising systems network, and conferences. The boot camp income is recorded net of refunds and rebates of \$56,358 for the year ending August 31, 2018.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as payroll, relating to more than one function have been allocated among the program services and supporting activities benefited. Main program activities of CMM include training programs on support-raising and reaching the unreached.

3. NOTE PAYABLE:

During the year ended August 31, 2018, CMM obtained a note for \$546,000 through a financial institution. This note is secured by the land and building. Monthly interest-only payments begin September 2018, at a fixed interest rate of 10%, with a balloon payment for all remaining principal and interest due at maturity in January 2019.

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets as of August 31, 2018, consist of:

Staff support accounts	\$ 903,126
Other projects	<u>138,849</u>
	<u>\$ 1,041,975</u>

5. OPERATING LEASES:

CMM has several noncancellable operating leases for office space and a copier. Rent expense for the year ended August 31, 2018 was \$21,363.

Future minimum lease payments under operating leases are:

<u>Year Ending August 31,</u>	
2019	\$ 21,363
2020	<u>3,482</u>
	<u>\$ 24,845</u>

CENTER FOR MISSION MOBILIZATION

Notes to Financial Statements

August 31, 2018

6. RETIREMENT PLAN:

CMM has a 403(b) retirement plan that is available to all employees. During the year ended August 31, 2018, there were only employee contributions.

7. RELATED PARTIES:

During the year ended August 31, 2018, CMM paid royalties of approximately \$7,000 to the executive director of CMM for the sales of his book.

8. SUBSEQUENT EVENTS:

Subsequent to the year ended August 31, 2018, CMM signed a construction contract for approximately \$189,000.

Subsequent events were evaluated through December 13, 2018, which is the date the financial statement were available to be issued.