



CENTER FOR MISSION
MOBILIZATION

Financial Statements
With Independent Auditors' Report

August 31, 2019

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, 2019, 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, 2019, 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.

Emphasis of Matter

Center for Mission Mobilization has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had a material effect on the presentation of the August 31, 2019 financial statements. Our opinion is not modified in respect to this matter.

Capin Crouse LLP

Colorado Springs, Colorado
March 13, 2020

CENTER FOR MISSION MOBILIZATION

Statement of Financial Position

August 31, 2019

ASSETS:

Cash and cash equivalents	\$ 1,378,490
Inventory	66,142
Accounts receivable and other assets	100,668
Property and equipment—net	<u>1,224,945</u>

Total Assets	<u><u>\$ 2,770,245</u></u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable	\$ 47,853
Debt	<u>625,000</u>
	<u>672,853</u>

Net assets:

Without donor restrictions	991,558
With donor restrictions	<u>1,105,834</u>
	<u>2,097,392</u>

Total Liabilities and Net Assets	<u><u>\$ 2,770,245</u></u>
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See notes to financial statements

CENTER FOR MISSION MOBILIZATION

Statement of Activities

For the Year Ended August 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 18,461	\$ 6,048,626	\$ 6,067,087
Educational revenues–net	619,607	-	619,607
Product sales and other income	159,415	-	159,415
Total Support and Revenue	<u>797,483</u>	<u>6,048,626</u>	<u>6,846,109</u>
NET ASSETS RELEASED:			
Purpose restrictions	5,748,442	(5,748,442)	-
Administrative assessments	236,325	(236,325)	-
Total Net Assets Released	<u>5,984,767</u>	<u>(5,984,767)</u>	<u>-</u>
EXPENSES:			
Salaries and benefits	4,698,964	-	4,698,964
Travel	455,028	-	455,028
Events and trainings	182,538	-	182,538
Professional services	177,172	-	177,172
Occupancy	173,056	-	173,056
Food	168,851	-	168,851
Cost of goods sold	127,597	-	127,597
Office expense and other	180,789	-	180,789
Total Expenses	<u>6,163,995</u>	<u>-</u>	<u>6,163,995</u>
Change in Net Assets	618,255	63,859	682,114
Net Assets, Beginning of Year	<u>373,303</u>	<u>1,041,975</u>	<u>1,415,278</u>
Net Assets, End of Year	<u>\$ 991,558</u>	<u>\$ 1,105,834</u>	<u>\$ 2,097,392</u>

See notes to financial statements

CENTER FOR MISSION MOBILIZATION

Statement of Cash Flows

For the Year Ended August 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 682,114
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	31,782
Contributions received for long-term purposes	(691,801)
Changes in operating assets and liabilities:	
Inventory	(7,465)
Accounts receivable and other assets	14,852
Accounts payable	5,889
Net Cash Provided by Operating Activities	<u>35,371</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(710,727)
Net Cash Used by Investing Activities	<u>(710,727)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds on from line of credit	625,000
Payments on note payable	(546,000)
Contributions received for long-term purposes	691,801
Net Cash Provided by Financing Activities	<u>770,801</u>

Net Change in Cash and Cash Equivalents	95,445
Cash and Cash Equivalents, Beginning of Year	<u>1,283,045</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,378,490</u>

See notes to financial statements

CENTER FOR MISSION MOBILIZATION

Notes to Financial Statements

August 31, 2019

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, 2019, CMM has cash and cash equivalents on deposit with financial institutions that exceed the federally insured balance by approximately \$780,000. CMM has not experienced any losses in such accounts and 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, 2019, management has not recorded an allowance for obsolete inventory.

CENTER FOR MISSION MOBILIZATION

Notes to Financial Statements

August 31, 2019

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 net assets with donor restrictions to net assets without donor restrictions 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.

NET ASSETS

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

Net assets without donor restrictions 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.

Net assets with donor restrictions are those resources contributed with donor stipulations for specific purposes and programs of CMM.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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.

Educational revenues, product sales, and other income are recorded when earned. Educational revenues consist of income received from Support Raising Solutions (SRS) Bootcamps, Support Raising Solutions Network, and conferences. The SRS Bootcamp income is recorded net of refunds and rebates of \$36,824 for the year ending August 31, 2019.

Expenses are recorded when incurred, in accordance with the accrual basis of accounting.

CENTER FOR MISSION MOBILIZATION

Notes to Financial Statements

August 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARD

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. CMM adopted the provisions of this new standard during the year ended August 31, 2019. In addition to the changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources (Note 3) and disclosures related to functional allocation of expenses were expanded (Note 7). Adoption of this standard had no effect on the change in net assets by class of net assets or in total.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects CMM's financial assets as of August 31, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets:	
Cash and cash equivalents	\$ 1,378,490
Investments	66,142
Accounts receivable	52,643
	<hr/> 1,497,275
Less those unavailable for general expenditure within one year, due to:	
Restricted net assets not expected to be used within one year	<hr/> (11,675)
Financial assets available to meet cash needs for general expenditures within one year	<hr/> <hr/> \$ 1,485,600

CMM structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through monthly reviews and board of director meetings.

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

Land and land improvements	\$ 258,300
Building and improvements	970,917
Office furniture	83,485
Computer equipment	10,067
	<hr/> 1,322,769
Accumulated depreciation	<hr/> (97,824)
	<hr/> <hr/> \$ 1,224,945

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Notes to Financial Statements

August 31, 2019

5. DEBT:

Debt consists of:

During the year ended August 31, 2019, a note payable to a financial institution with a face amount of \$546,000 was paid in full. The terms included monthly interest-only payments that began September 2018 at a fixed interest rate of 10%. Note payable was secured by a property.

\$ -

During the year ended August 31, 2019, a line of credit to a financial institution was opened with a limit of \$750,000. The terms included twelve interest-only payments that begin March 2020, followed by 47 consecutive payments in the amount of \$3,593 at a fixed interest rate of 5.75%. Line of credit was secured by a property.

625,000

\$ 625,000

Subsequent to the year ended August 31, 2019, the line of credit was paid in full.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions as of August 31, 2019, consist of:

Staff support accounts

\$ 985,974

Other projects

119,860

\$ 1,105,834

CENTER FOR MISSION MOBILIZATION

Notes to Financial Statements

August 31, 2019

7. FUNCTIONAL ALLOCATION OF EXPENSES:

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

	Program Services	Supporting Activities:		Total Expenses
		General and Administrative	Fundraising	
Salaries and benefits	\$ 4,088,099	\$ 422,907	\$ 187,958	\$ 4,698,964
Travel	344,282	77,778	32,968	455,028
Events and trainings	182,538	-	-	182,538
Professional services	20,844	137,986	18,342	177,172
Occupancy	150,559	15,575	6,922	173,056
Food	151,525	15,386	1,940	168,851
Cost of goods sold	127,597	-	-	127,597
Office expense and other	103,688	29,727	47,374	180,789
 Total Expenses	 \$ 5,169,132	 \$ 699,359	 \$ 295,504	 \$ 6,163,995

Accounting standards require all costs which contain any fundraising appeal to be allocated to fundraising unless all of the following three tests are met: purpose, audience, and content. CMM incurs costs for field worker deputation which includes time spent performing fundraising functions. These costs are referred to as joint costs and are allocated to program services and fundraising. Joint cost allocations for the year ended August 31, 2019 are:

Program services	\$ 332,973
Fund-raising	171,531
	\$ 504,504

CENTER FOR MISSION MOBILIZATION

Notes to Financial Statements

August 31, 2019

8. OPERATING LEASES:

CMM has noncancellable operating leases for office space and a copier. Rent expense for the year ended August 31, 2019 was \$6,963. Future minimum lease payments payable for the year ending August 31, 2020 are \$3,482.

9. RETIREMENT PLAN:

CMM has a 403(b) retirement plan that is available to all employees. During the year ended August 31, 2019, there were only employee contributions.

10. RELATED PARTIES:

During the year ended August 31, 2019, CMM paid royalties of approximately \$33,000 to the executive director of CMM for the sales of his book.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through March 13, 2020, which is the date the financial statements were available to be issued.