



MISSIONARY VENTURES INTERNATIONAL, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JULY 31, 2017 AND 2016





REPORT OF INDEPENDENT AUDITOR

The Board of Directors
Missionary Ventures International, Inc.
Orlando, Florida

We have audited the accompanying financial statements of Missionary Ventures International, Inc. ("the Organization"), which comprise the statements of financial position as of July 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.

Auditor's 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 audits 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 Organization'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 Organization'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missionary Ventures International, Inc. as of July 31, 2017 and 2016, the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
December 12, 2017

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MISSIONARY VENTURES INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	July 31,	
	2017	2016
ASSETS		
Cash and cash equivalents	\$ 1,108,565	\$ 1,086,006
Certificate of deposit	—	55,024
Other assets	158,188	150,066
Property and equipment, net	2,122,478	2,190,461
Total assets	\$ 3,389,231	\$ 3,481,557
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 150,193	\$ 166,321
Field coordinator personal amounts held	190,167	169,201
Total liabilities	340,360	335,522
NET ASSETS		
Unrestricted	1,316,241	1,468,952
Temporarily restricted	1,732,630	1,677,083
Total net assets	3,048,871	3,146,035
Total liabilities and net assets	\$ 3,389,231	\$ 3,481,557

The Accompanying Notes are an Integral
Part of These Financial Statements

MISSIONARY VENTURES INTERNATIONAL, INC.
STATEMENTS OF ACTIVITIES

	For The Year Ended July 31, 2017			For The Year Ended July 31, 2016
	Unrestricted	Temporarily Restricted	Total	
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Temporarily restricted contributions	\$ —	\$ 5,299,655	\$ 5,299,655	\$ 5,345,826
Unrestricted contributions	777,458	—	777,458	755,801
Other revenue	45,335	—	45,335	202,319
Net assets released from restrictions	<u>5,244,108</u>	<u>(5,244,108)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>6,066,901</u>	<u>55,547</u>	<u>6,122,448</u>	<u>6,303,946</u>
EXPENSES				
Program activities				
Field coordinators	2,292,328	—	2,292,328	2,323,281
Children's ministry	1,061,979	—	1,061,979	1,405,340
Team trips	1,060,917	—	1,060,917	889,200
Motorcycle ministry	851,393	—	851,393	846,928
Indigenous churches	433,327	—	433,327	452,915
Medical ministry	<u>176,655</u>	<u>—</u>	<u>176,655</u>	<u>170,875</u>
Total program activities	<u>5,876,599</u>	<u>—</u>	<u>5,876,599</u>	<u>6,088,539</u>
Supporting activities				
Management and general	294,326	—	294,326	324,248
Fundraising	<u>48,687</u>	<u>—</u>	<u>48,687</u>	<u>52,535</u>
Total supporting activities	<u>343,013</u>	<u>—</u>	<u>343,013</u>	<u>376,783</u>
Total expenses	<u>6,219,612</u>	<u>—</u>	<u>6,219,612</u>	<u>6,465,322</u>
Change in unrestricted net assets	(152,711)	—	(152,711)	8,009
Change in temporarily restricted net assets	<u>—</u>	<u>55,547</u>	<u>55,547</u>	<u>(169,385)</u>
CHANGE IN NET ASSETS	(152,711)	55,547	(97,164)	(161,376)
NET ASSETS - Beginning of year	<u>1,468,952</u>	<u>1,677,083</u>	<u>3,146,035</u>	<u>3,307,411</u>
NET ASSETS - End of year	<u>\$ 1,316,241</u>	<u>\$ 1,732,630</u>	<u>\$ 3,048,871</u>	<u>\$ 3,146,035</u>

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MISSIONARY VENTURES INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS

	For The Years Ended	
	July 31,	
	2017	2016
OPERATING CASH FLOWS		
Cash received from contributors	\$ 6,092,913	\$ 6,056,027
Other revenue received	45,335	208,799
Cash paid for operating activities and costs	<u>(6,163,903)</u>	<u>(6,423,697)</u>
Net operating cash flows	<u>(25,655)</u>	<u>(158,871)</u>
INVESTING CASH FLOWS		
Purchases of and improvements to property and equipment	(6,810)	(4,510)
Redemption of certificate of deposit	<u>55,024</u>	<u>—</u>
Net investing cash flows	<u>48,214</u>	<u>(4,510)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	22,559	(163,381)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>1,086,006</u>	<u>1,249,387</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 1,108,565</u>	<u>\$ 1,086,006</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ (97,164)	\$ (161,376)
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	74,793	74,040
Change in other assets	(8,122)	(35,059)
Change in accounts payable and accrued expenses	(16,128)	(8,446)
Change in field coordinator personal amounts held	<u>20,966</u>	<u>(28,030)</u>
Net operating cash flows	<u>\$ (25,655)</u>	<u>\$ (158,871)</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

MISSIONARY VENTURES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Missionary Ventures International, Inc. (“the Organization”) is a not-for-profit interdenominational Christian organization. The Organization’s mission is to work with individuals and churches to bring the love and message of Jesus Christ to hurting people. To accomplish its mission, the Organization channels resources for the development of churches, schools, feeding centers, orphanages, clinics, and hospitals in seventy-eight countries located around the world. The Organization is headquartered in Orlando, Florida.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restricted and unrestricted revenue and support

Contributions are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as “net assets released from restrictions.”

Assessments

The Board of Directors has established a policy to utilize up to 15% of contributions restricted for the support of certain ministries to help offset general operational expenses, including the cost of operating the United States headquarters office. The amounts so utilized are reflected as “unrestricted contributions” revenue in the accompanying statements of activities. Restricted contributions for which the donor requests that 100% of such gifts be used to support a specific ministry are not subject to the policy.

Temporarily restricted contributions

All contributions are received as donations to the Organization and not to specific individuals. Contributions which donors request to be used to support the ministry activities of specific missionaries or specific projects are under the full control of the Organization. In order to conservatively account for such contributions, the Organization recognizes them as temporarily restricted until they are expended for appropriate ministry purposes.

Cash and cash equivalents

The Organization considers all investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. The Organization uses the straight-line method of depreciating assets over their estimated useful lives.

Field coordinator personal amounts held

Field coordinator personal amounts held represents income earned by field coordinators but not yet distributed to them.

Income taxes

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements. The Organization has not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principles generally accepted in the United States of America.

MISSIONARY VENTURES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in estimating the useful lives of property and equipment. Actual results could differ from the estimates.

Subsequent events

The Organization has evaluated for possible financial reporting and disclosure subsequent events through December 12, 2017, the date as of which the financial statements were available to be issued.

NOTE C – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash, cash equivalents, and certificate of deposit in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash, cash equivalents, or its certificate of deposit.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Category</u>	<u>July 31,</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 446,057	\$ 446,057
Buildings	2,200,992	2,200,992
Office furniture and equipment	237,073	236,513
Software	<u>150,442</u>	<u>144,192</u>
Total property and equipment	3,034,564	3,027,754
Less: Accumulated depreciation	<u>(912,086)</u>	<u>(837,293)</u>
Net property and equipment	<u>\$ 2,122,478</u>	<u>\$ 2,190,461</u>

Depreciation expense amounted to \$74,793 and \$74,040 for the years ended July 31, 2017 and 2016, respectively.

MISSIONARY VENTURES INTERNATIONAL, INC.
 NOTES TO FINANCIAL STATEMENTS

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following purposes:

	July 31,	
	2017	2016
Motorcycle ministry	\$ 904,668	\$ 951,555
Team trips	245,850	210,253
Children's ministry	243,818	157,329
Other projects	188,229	185,246
Time restriction - unconditional promise to give	107,000	91,200
Medical ministry	31,773	64,973
Indigenous churches	11,292	16,527
Total temporarily restricted net assets	\$ 1,732,630	\$ 1,677,083

Net assets released from restrictions during the year ended July 31, 2016 were approximately \$5,515,000.

As of July 31, 2017 and 2016, the Organization had temporarily utilized approximately \$517,000 and \$445,000, respectively, of cash restricted by donors in order to sustain general operations. The Organization plans to restore the restricted funds over a maximum remaining period of three years by making necessary adjustments to operating costs, pursuing an overall cash surplus from operating activities, and from the sale of various properties in foreign countries that are not being fully utilized.