

MINISTRY ESSENTIALS, INC.
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023 AND 2022
TOGETHER WITH AUDITOR'S REPORT



Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ministry Essentials, Inc.:

Opinion

We have audited the accompanying financial statements of Ministry Essentials, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2023 and December 31, 2022, and the related statements of activities, cash flows, and functional expenses 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 Ministry Essentials, Inc. as of December 31, 2023 and 2022, and 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ministry Essentials, Inc., 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; 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.

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

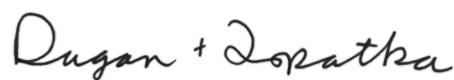
Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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 Ministry Essentials, Inc.'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, which raise substantial doubt about Ministry Essentials, Inc.'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.



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MINISTRY ESSENTIALS INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 762,446	\$ 684,061
Prepaid expenses and other assets	4,056	8,729
Total Current Assets	766,502	692,790
Fixed Assets:		
Property and Equipment	289,439	272,764
Less: Accumulated depreciation	147,689	129,719
Net Fixed Assets	141,750	143,045
Total assets	\$ 908,252	\$ 835,835
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 6,148	\$ 5,465
Payroll liabilities	1,690	893
Total liabilities	7,838	6,358
NET ASSETS:		
Without donor restrictions		
Undesignated - available for general activities	171,122	201,200
Net investment in buildings	141,750	143,045
With donor restrictions	587,542	485,232
Total net assets	900,414	829,477
Total liabilities and net assets	\$ 908,252	\$ 835,835

The accompanying notes are an integral part of this statement.

MINISTRY ESSENTIALS INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT:						
Contributions	\$ 37,162	\$ 1,781,148	\$ 1,818,310	\$ 24,818	\$ 1,600,568	\$ 1,625,386
Interest	2,362	-	2,362	459	-	459
Net assets released from restrictions	1,678,838	(1,678,838)	-	1,575,634	(1,575,634)	-
Total revenue and other support	1,718,362	102,310	1,820,672	1,600,911	24,934	1,625,845
EXPENSES:						
Program services	1,394,286	-	1,394,286	1,320,359	-	1,320,359
Management and general	263,370	-	263,370	180,709	-	180,709
Fundraising	92,079	-	92,079	108,113	-	108,113
Total expenses	1,749,735	-	1,749,735	1,609,181	-	1,609,181
CHANGE IN NET ASSETS	(31,373)	102,310	70,937	(8,270)	24,934	16,664
NET ASSETS, Beginning of year	344,245	485,232	829,477	352,515	460,298	812,813
NET ASSETS, End of year	\$ 312,872	\$ 587,542	\$ 900,414	\$ 344,245	\$ 485,232	\$ 829,477

The accompanying notes are an integral part of this statement.

MINISTRY ESSENTIALS INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions received	\$ 1,818,310	\$ 1,625,386
Interest and dividends received	2,362	459
Cash paid for operations and programs	<u>(1,725,612)</u>	<u>(1,598,052)</u>
Net cash provided by operating activities	<u>95,060</u>	<u>27,793</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(16,675)</u>	<u>(25,894)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	78,385	1,899
CASH AND CASH EQUIVALENTS, Beginning of year	<u>684,061</u>	<u>682,162</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 762,446</u></u>	<u><u>\$ 684,061</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 70,937	\$ 16,664
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expenses	17,970	14,497
Decrease in payroll tax receivable	-	217
(Increase) in prepaid expenses and other assets	4,673	(5,774)
Increase (decrease) in account payable and accrued expenses	683	2,710
Increase (decrease) in payroll liabilities	<u>797</u>	<u>(521)</u>
Net cash provided by operating activities	<u><u>\$ 95,060</u></u>	<u><u>\$ 27,793</u></u>

The accompanying notes are an integral part of this statement.

MINISTRY ESSENTIALS INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Service Activities</u>	<u>Management and General Activities</u>	<u>Fundraising Activities</u>	<u>Total Expenses</u>
Salaries, benefits, and payroll tax	\$ 878,415	\$ 86,231	\$ 49,515	\$ 1,014,161
Occupancy	151,724	-	-	151,724
Travel	158,446	3,825	15,329	177,600
Conferences, meetings and training	25,638	46,108	-	71,746
Grants	57,000	-	-	57,000
Repairs, maintenance and rentals	23,044	1,308	55	24,407
Program supplies and expenses	41,919	668	30	42,617
Outside services	-	40,235	-	40,235
Hospitality & benevolence expenses	25,590	435	4,662	30,687
Bank charges	571	418	18,351	19,340
Insurance	-	14,518	-	14,518
Depreciation	-	17,970	-	17,970
Legal and professional fees	22	29,321	-	29,343
Program assessments and intensives	7,836	-	-	7,836
Communication	6,781	-	-	6,781
Licenses, fees and registrations	1,386	4,263	-	5,649
Dues and subscriptions	3,559	6,973	758	11,290
Information technology	2,466	3,957	479	6,902
Postage and shipping	566	3,378	52	3,996
Printing & publications	2,833	2,970	1,007	6,810
Miscellaneous expenses	6,490	792	1,841	9,123
	<u>\$ 1,394,286</u>	<u>\$ 263,370</u>	<u>\$ 92,079</u>	<u>\$ 1,749,735</u>
Total functional expenses	<u>\$ 1,394,286</u>	<u>\$ 263,370</u>	<u>\$ 92,079</u>	<u>\$ 1,749,735</u>

The accompanying notes are an integral part of this statement.

MINISTRY ESSENTIALS INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Service Activities</u>	<u>Management and General Activities</u>	<u>Fundraising Activities</u>	<u>Total Expenses</u>
Salaries, benefits, and payroll tax	\$ 859,149	\$ 71,102	\$ 48,960	\$ 979,211
Occupancy	137,243	-	-	137,243
Travel	158,544	2,346	27,565	188,455
Conferences, meetings and training	37,306	36,187	262	73,755
Repairs, maintenance and rentals	20,187	44	434	20,665
Program supplies and expenses	25,900	741	719	27,360
Outside services	-	35,202	-	35,202
Hospitality & benevolence expenses	32,324	-	8,600	40,924
Bank charges	-	567	19,372	19,939
Insurance	-	9,856	-	9,856
Depreciation	14,497	-	-	14,497
Legal and professional fees	2,398	6,460	-	8,858
Program assessments and intensives	8,818	-	-	8,818
Communication	7,405	701	130	8,236
Licenses, fees and registrations	4,801	4,998	-	9,799
Dues and subscriptions	4,193	4,846	767	9,806
Information technology	2,363	2,132	579	5,074
Postage and shipping	1,687	2,687	97	4,471
Printing & publications	2,436	2,853	628	5,917
Miscellaneous expenses	1,108	(13)	-	1,095
	<u>\$ 1,320,359</u>	<u>\$ 180,709</u>	<u>\$ 108,113</u>	<u>\$ 1,609,181</u>
Total functional expenses	<u>\$ 1,320,359</u>	<u>\$ 180,709</u>	<u>\$ 108,113</u>	<u>\$ 1,609,181</u>

The accompanying notes are an integral part of this statement.

MINISTRY ESSENTIALS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Ministry Essentials, Inc. (MEI) is a non-profit mission agency that establishes and cultivates spiritual community among Christian leaders and their families serving internationally. Within this context of community MEI provides soul care, spiritual nourishment, and developmental resources to address both urgent and long-term needs of Christian leaders and their families. MEI is supported primarily through donor contributions and grants.

The financial statements were available to be issued on August 7, 2024 with subsequent events being evaluated through this date.

Basis of Accounting -

The financial statements are maintained on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

Basis of Presentation -

MEI is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of MEI. These net assets may be used at the discretion of management and the board of directors.

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of MEI and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents -

For purposes of the statements of cash flows, MEI considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk -

MEI maintains several bank accounts. Accounts at banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount in excess of this insured amount at December 31, 2023 and 2022 was approximately \$248,000 and \$382,000, respectively. Cash is also maintained in non-federally insured accounts. MEI maintains its cash with high-quality financial institutions, which MEI believes limits these risks.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Revenue Recognition for Contributions -

MEI recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give; that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. MEI reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Property and Equipment -

The cost of property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets. When equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reflected in earnings. Expenditures for maintenance, repairs, and improvements which do not materially extend the useful lives of the assets, are charged to earnings. The major asset category and estimated useful lives are as follows:

<u>Assets</u>	<u>Life</u>
Furniture and fixtures	5 years
Building and improvements	27.5 years
Equipment	3 years

Income Taxes -

MEI has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

MEI files income tax returns in the U.S. federal jurisdiction and in various states. With few exceptions, MEI is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2020. MEI does not expect a material net change in unrecognized tax benefits in the next twelve months.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, professional services, conferences, meetings and training, travel and other, which are allocated on the basis of estimates of time and effort.

(2) PROPERTY AND EQUIPMENT:

As of December 31, property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Building and improvements	\$ 268,357	\$ 253,042
Furniture and fixtures	18,408	17,048
Equipment	2,674	2,674
Less: Accumulated depreciation	<u>(147,689)</u>	<u>(129,719)</u>
Net property and equipment	<u>\$ 141,750</u>	<u>\$ 143,045</u>

(3) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Staff ministry and project funds	\$ 499,814	\$ 453,650
Facility Funds	<u>87,728</u>	<u>31,582</u>
Total	<u>\$ 587,542</u>	<u>\$ 485,232</u>

(3) NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Staff ministry and projects	\$ 1,551,504	\$ 1,508,074
Facility operations	<u>127,334</u>	<u>67,560</u>
Total	<u>\$ 1,678,838</u>	<u>\$ 1,575,634</u>

(4) LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash & cash equivalents	<u>\$ 762,446</u>	<u>\$ 684,061</u>
Less:		
Net assets with donor restrictions	<u>587,539</u>	<u>485,232</u>
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year	<u>\$ 174,907</u>	<u>\$ 198,829</u>

MEI manages its liquidity and reserves following three guiding principles:

- operating within a prudent range of financial soundness and stability.
- maintaining adequate liquid assets to fund near-term operating needs.
- maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.