

**COMMISSION TO EVERY NATION, INC.**

**FINANCIAL STATEMENTS**

December 31, 2022

## CONTENTS

	<u>Pages</u>
Independent Auditor's Report	3 - 4
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 14

# MASSEY·ITSCHNER & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

July 20, 2023

To the Board of Directors of  
Commission to Every Nation, Inc.  
Kerrville, Texas

### **Opinion**

We have audited the accompanying financial statements of Commission to Every Nation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year 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 Commission to Every Nation, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 Commission to Every Nation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 Commission to Every Nation, 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, including omissions, 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 Commission to Every Nation, 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, that raise substantial doubt about Commission to Every Nation, 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.

*Massey Atschar + Co., P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

**COMMISSION TO EVERY NATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022**

**ASSETS**

Cash and cash equivalents	\$ 5,414,695
Prepaid expenses	28,666
Investments	1,808,357
Property and equipment:	
Property and equipment	1,015,840
Accumulated depreciation	<u>(519,759)</u>
	<u>496,081</u>
	<u><u>\$ 7,747,799</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable and accrued expenses	<u>\$ 151,588</u>
Net assets:	
Without donor restrictions	<u>7,596,211</u>
	<u>7,596,211</u>
	<u><u>\$ 7,747,799</u></u>

See independent auditor's report and accompanying notes to financial statements.

**COMMISSION TO EVERY NATION, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b><u>Without Donor Restriction</u></b>
Support and revenues:	
Contributions	\$ 20,910,249
Investment income, net	(219,266)
Rental income	9,600
Total support and revenues	<u>20,700,583</u>
Expenses:	
Program	20,097,533
Management and general	857,720
Fundraising	150,674
Total expenses	<u>21,105,927</u>
Change in net assets	<u>(405,344)</u>
Net assets - beginning of year	<u>8,001,555</u>
Net assets - end of year	<u><u>\$ 7,596,211</u></u>

See independent auditor's report and accompanying notes to financial statements.

**COMMISSION TO EVERY NATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Administrative	\$ 27,508	\$ 190,506	\$ -	\$ 218,014
Community relations	-	-	8,965	8,965
Credit card processing fees	-	204,915	-	204,915
Depreciation and amortization	19,971	19,849	1,295	41,115
Miscellaneous	-	10,338	-	10,338
Missions support	18,858,500	-	-	18,858,500
Occupancy	20,862	63,234	-	84,096
Printing supplies and postage	-	21,080	73,854	94,934
Professional fees	-	25,397	-	25,397
Salaries and related	1,024,311	322,401	66,560	1,413,272
Travel	146,381	-	-	146,381
	<u>\$ 20,097,533</u>	<u>\$ 857,720</u>	<u>\$ 150,674</u>	<u>\$ 21,105,927</u>

See independent auditor's report and accompanying notes to financial statements.

**COMMISSION TO EVERY NATION**

**STATEMENT OF CASH FLOWS**

**AS OF DECEMBER 31, 2022**

Cash flows from operating activities:	
Change in net assets	\$ (405,344)
Adjustments to reconcile (increase) decrease in net assets to net cash provided by operating activities:	
Depreciation	41,115
Prepaid expenses	(24,153)
Loss on disposition of fixed assets	923
Unrealized gains/losses	(261,812)
Increase (decrease) in current liability items:	
Accounts payable and accrued expenses	(2,871)
Net cash provided by operating activities	<u>(652,142)</u>
Cash flows from investing activities:	
Purchase of equipment and renovations	(79,771)
Purchase (sale) of investments	<u>(150,440)</u>
Net cash provided by investing activities	<u>(230,211)</u>
Net increase in cash and cash equivalents	(882,353)
Cash and cash equivalents at beginning of year	<u>6,297,048</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,414,695</u></u>

See independent auditor's report and accompanying notes to financial statements.

## **COMMISSION TO EVERY NATION**

### **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

#### **Note 1 - Nature of Activities**

Commission To Every Nation, Inc. ("The Organization") is a Texas non-profit corporation formed in December 1994 under Section 501(c)(3) of the Internal Revenue Code. The Organization supports non-denominational missions with the goal "to advance the gospel to every nation." There are missions in 66 countries including the USA, Mexico, Guatemala, Columbia, Costa Rica, Honduras, Nicaragua, Peru, Brazil, Suriname, Kenya, Cameroon, South Africa, Uganda, Zambia, France, Poland, Romania, Albania, Spain, Thailand, Japan and the Philippines, as well as other countries. They have over 700 missionaries and their family members serving in these countries with the general oversight of the welfare of over 1,100 people.

#### **Note 2 – Summary of Significant Accounting Policies**

The summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the fairness and objectivity embodied in the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

**Basis of Presentation** – Commission to Every Nation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on the use that are placed by its donors: without donor restrictions and with donor restrictions. Descriptions of the two net asset classes and types of transactions affecting each category follow:

*Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions.

*With Donor Restrictions* – Net assets subject to donor-imposed restrictions that will be met either by actions of Commission to Every Nation or the passage of time. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by Commission to Every Nation.

As of December 31, 2022, all net assets were classified as without donor restrictions.

**Contributions** – Commission to Every Nation accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board. Contributions received or donor promises to give are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restriction. Contributions made to Commission to Every Nation are considered available for unrestricted use unless specifically restricted by the donor and accepted by the Organization. All restricted support is reported as an increase in net assets with donor restrictions. However, support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received. Net assets with donor restrictions are reclassified (released) to net assets without donor restrictions when a restriction expires, such as when a stipulated time restriction ends or a purpose restriction is accomplished. The Organization's website states that Commission to Every Nation maintains complete discretion and control over the use of all donated funds although it makes every effort to honor the preference of each donor. Therefore its donations are generally recorded as donations without restriction.

**COMMISSION TO EVERY NATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

Note 2 – **Summary of Significant Accounting Policies (continued)**

**Basis of Accounting** – The financial statements of Commission to Every Nation, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Federal Income Tax** – Commission to Every Nation, Inc. is classified as a non-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As a result, no federal income tax is recorded in the accompanying financial statements.

The Organization has no material unrecognized tax benefits due to uncertainties in income tax positions as of December 31, 2022.

If the Organization incurs any interest or penalties related to taxes, they are included in tax expense in the period incurred. With few exceptions, the Organization is not subject to United States Federal Income tax examination by tax authorities for years before 2018.

**Estimates** – 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates used in preparing these financial statements include the assumption in recording depreciation and amortization and the functional allocation of expenses.

**Property and Equipment** – Property is carried at cost, if purchased, or fair market value at date of acquisition, if received as a donation. Depreciation is computed by the straight-line method using the following estimated service lives:

Estimated Service Lives (Years)

Building and improvements 39  
Furniture and fixtures 5 – 10  
Equipment 3 – 10

Maintenance and repairs, as well as minor improvements, are charged to expense as incurred. Major improvements are capitalized. The cost and related accumulated depreciation for property disposals are removed from the accounts and any gains or losses are included in income.

**Cash and Cash Equivalents** – For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of ninety days or less to be cash equivalents. The Organization places its cash and cash equivalents, which, at times, may exceed federally-insured limits, with high-credit quality institutions. The Organization has not experienced any losses on such accounts.

**Investments** – The Organization carries investments in mutual funds and common stocks held for sale, which are recorded at fair market value. Unrealized gains and losses have been included in the Statement of Activities.

**COMMISSION TO EVERY NATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

Note 2 – **Summary of Significant Accounting Policies (continued)**

**Donated Assets and Services** – Donations of non-cash assets are recorded as contributions at their estimated fair value. The Organization receives donated services by various individuals. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition.

Note 3 – **Rental Income**

The Organization occupies approximately 90% of its building with the remaining space being rented on a month-to-month basis. Rental income for the year ended December 31, 2022 was \$9,600. Rental expenses, excluding depreciation, allocable to the rental income from tenants was \$2,086 for the year.

Note 4 – **Concentrations of Credit Risk arising from Cash Deposits in Excess of Insured Limits**

The Organization maintains its cash balances in one financial institution located in Kerrville, Texas. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022 the Organization's uninsured cash balances totaled \$5,414,695. The Organization carefully investigates the financial institutions with which it makes deposits and has experienced no losses on such deposits.

Note 5 – **Commitments**

The Organization pays missionary support in the month following the month in which the support is received. As a result the Organization distributed \$2,505,564 of missionary support in January of 2023 related to funds raised in December of 2022. The Organization maintains complete control of all contributions and therefore these funds are not considered restricted by donors.

Note 6 – **Retirement Plan**

The Organization permits every full-time employee to participate in an individually owned 403(b) plan. Employees may elect to defer a portion of their salary up to \$20,500 per calendar year, with an additional \$6,500 catch up amount if they have attained the age of 50 by the end of the calendar year (limits indexed annually). These voluntary deferral amounts reduce the employee's salary and are deposited by the employer into the individual's 403(b) account. Deposits are invested at the direction of the employee. Total matching contributions to the Plan by the Organization for the year ended December 31, 2022 were \$43,801.

Note 7 – **Functional Allocation of Expenses**

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of Commission to Every Nation are reported as expenses of those functional areas. A portion of General and Administrative costs that benefit multiple functional areas (indirect costs) have been allocated across Programs, Fundraising and Management and General based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

**COMMISSION TO EVERY NATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**Note 8 – Property and Equipment**

At December 31, 2022, property and equipment consisted of the following:

Land	\$ 49,008
Building and improvements	791,162
Equipment	165,254
Furniture and fixtures	10,116
Work in progress	<u>300</u>
	1,015,840
(Less) accumulated depreciation and amortization	<u>(519,759)</u>
Property and equipment (net)	<u>\$ 496,081</u>

Depreciation and amortization expense for 2022 was \$41,115.

**Note 9 – Financial Assets and Liquidity Resources**

As of December 31, 2022, financial assets and liquidity resources available within one year for general expenditure were \$7,223,052, held in cash, securities and other investments. Commission to Every Nation's cash flows have seasonal variations during the year attributable to fundraising activities of missionaries and a concentration of contributions received at year end. As part of Commission to Every Nation's liquidity management, it has structured its financial assets to be available as its general expenditure, liabilities and other obligations come due. In addition, Commission to Every Nation reviews the cash balances in relation to budgeted operating expenses to insure there are sufficient liquid funds to meet general expenditure needs within one year of the financial statements.

**Note 10 – Investments**

For the year ended December 31, 2022, investments consisted of the following:

Fixed income securities	\$ 1,038,440
Mutual funds	407,945
Equities	152,360
Exchange traded funds	12,327
Real estate investment trusts	16,220
Investment in partnership	98,065
Investment grade gold coins	<u>83,000</u>
	<u>\$ 1,808,357</u>

Investment return for the year ended December 31, 2022 consisted of the following:

Interest and dividends	\$ 28,334
Unrealized gains/(losses)	(261,812)
Realized gains/(losses)	22,812
Peddler Lane Partnership income	8,095
Investment fees	<u>(16,695)</u>
	<u>\$ (219,266)</u>

**COMMISSION TO EVERY NATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**Note 11 – Fair Value Measurements**

Financial Accounting Standards Board Accounting Standards Codification, *Fair Value Measurements and Disclosures* (FASB ASC 820), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ACS 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

*Common stock and real estate investment trusts:* Valued at the closing price reported on the active market on which the individual securities are traded. (Level 1 Measurements)

*Mutual funds:* Valued at the net asset value ("NAV") of shares held by the Organization at year end. (Level 1 Measurements)

*Corporate bonds, fixed income securities:* Valued using inputs, including yields currently available on comparable securities of issues with similar credit ratings, price quotations in inactive markets (where observable), bond spreads, and fundamental data relating to the issuer. (Level 2 Measurements)

*Investment in limited liability company (LLC):* Value determined using an income approach and comparable sales. (Level 3 Measurement)

**COMMISSION TO EVERY NATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

Note 11 – **Fair Value Measurements** (continued)

*Investment grade gold coins*: Value equal to cost which is deemed to be materially equivalent to the market value of the investment. (Level 3 Measurement)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ -	\$ 1,038,440	\$ -	\$ 1,038,440
Mutual funds	407,945	-	-	407,945
Equities	152,360	-	-	152,360
Exchange traded funds	12,327	-	-	12,327
Real estate investment trust	16,220	-	-	16,220
Investment in LLC	-	-	98,065	98,065
Investment grade gold coins	-	-	83,000	83,000
Total assets at fair value	<u>\$ 588,852</u>	<u>\$ 1,038,440</u>	<u>\$ 181,065</u>	<u>\$ 1,808,357</u>

Note 12 – **Subsequent Events**

Subsequent events have been evaluated through July 20, 2023 which is the date the financial statements were available to be issued.