COMMISSION TO EVERY NATION, INC.

FINANCIAL STATEMENTS

December 31, 2016

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Massey Itschner
& Company, P.C.

Independent Auditor's Report

February 25, 2017

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

We have audited the accompanying financial statements of Commission to Every Nation, Inc. (a non-profit organization) which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended.

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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Commission to Every Nation as of December 31, 2016, 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.

Massey Itschner & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

COMMISSION TO EVERY NATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

Cash and cash equivalents	$ 2,554,977
Investments	837,612
Property and equipment:	
Property and equipment	787,133
Accumulated depreciation	(380,600)
	406,533
	$ 3,799,122

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	37,250
Net assets:	
Unrestricted	3,761,872
	3,761,872
	$ 3,799,122

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, 2016

	Unrestricted
Support and revenues:	
Contributions	$ 15,261,889
Investment income	14,100
Rental income	17,310
Total support and revenues	15,293,299
Expenses:	
Program	13,929,093
Management and general	602,965
Fundraising	117,069
Total expenses	14,649,127
Change in net assets	644,172
Net assets - beginning of year	3,117,700
Net assets - end of year	$ 3,761,872

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, 2016

	Program	Management and General	Fundraising	Total
Administrative	$ 14,247	$ 117,631	$ -	$ 131,878
Credit card processing fees	-	96,681	-	96,681
Depreciation and amortization	12,646	17,533	2,437	32,616
Equipment maintenance	-	3,302	29,721	33,023
Investment expenses	-	5,771	-	5,771
Missions support	13,208,839	-	-	13,208,839
Occupancy	9,521	30,167	-	39,688
Other	2,405	-	-	2,405
Printing supplies and postage	-	-	58,777	58,777
Professional fees	-	15,250	-	15,250
Salaries and related	543,067	316,629	26,134	885,829
Travel	138,369	-	-	138,369
	$ 13,929,093	$ 602,965	$ 117,069	$ 14,649,127

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

COMMISSION TO EVERY NATION, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

Cash flows from operating activities:	
Change in net assets	$ 644,172
Adjustments to reconcile (increase) decrease in net assets to net cash provided by operating activities:	
Depreciation	32,616
Unrealized gains/losses	(4,489)
Health reimbursement accounts	-
Increase (decrease) in current liability items:	
Accounts payable and accrued expenses	1,069
Net cash provided by operating activities	673,368
Cash flows from investing activities:	
Purchase of equipment and renovations	(22,019)
Purchase of investments	112,662
Net cash provided by investing activities	90,643
Net increase in cash and cash equivalents	764,011
Cash and cash equivalents at beginning of year	1,790,966
Cash and cash equivalents at end of year	$ 2,554,977
Supplemental information	
Interest paid	$ -

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

COMMISSION TO EVERY NATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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 the USA, Mexico, Guatemala, Columbia, Costa Rica, Honduras, Nicaragua, Peru, Brazil, Suriname, Kenya, Cameroon, South Africa, Mozambique, Uganda, Poland, Romania, Albania, Spain, Thailand, Japan and the Philippines, as well as other countries. They have over 650 missionaries and 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 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.

Basis of Presentation – Commission to Every Nation, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The net assets of Commission to Every Nation, Inc. are reported according to the following classification:

Unrestricted Net Assets – represents the part of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted Net Assets – the part of net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations.

Permanently Restricted Net Assets – the part of net assets which represents endowment funds that are subject to restrictions of gift instruments requiring that the principal be invested and only the income be used for various purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Although a donor may communicate a preference for a particular missionary that does not restrict the use of the gift and allows the Organization full discretion to use the gift in relation to the donor's preference or for any other purpose. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted net assets, if any (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value.

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

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, 2016.

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 2012.

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.

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 – **Investments**

For the year ended December 31, 2016, investments consisted of the following:

Fixed income securities	$ 301,222
Mutual funds	317,065
Real estate investment trusts	71,661
Investment in partnership	64,664
Investment grade gold coins	83,000
	$ 837,612

Investment return for the year ended December 31, 2016 consisted of the following:

Interest and dividends	$ 24,827
Unrealized gains/(losses)	(9,522)
Realized gains/(losses)	(8,545)
Income from partnership	7,340
	$ 14,100

Note 4 – **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.

Note 4 – **Fair Value Measurements (continued)**

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, 2016.

Common stocks, corporate bonds, fixed income securities 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)

Investment in partnership: Value equal to cost which is deemed to be materially equivalent to the market value of the investment. (Level 3 Measurement)

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, 2016:

	Level 1	Level 2	Level 3	Total
Fixed income securities	$ 301,222	$ -	$ -	$ 301,222
Mutual Funds	317,065	-	-	317,065
Real estate investment trust	71,661	-	-	71,661
Investment in partnership	-	-	64,664	64,664
Investment grade gold coins	-	-	83,000	83,000
Total assets at fair value	$ 689,948	$ -	$ 147,664	$ 837,612

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

Investment in partnership:

January 1, 2016	$ 57,324
Change in value from pass-through income	7,340
December 31, 2016	$ 64,664

Note 5 – **Property and Equipment**

At December 31, 2016, property and equipment consisted of the following:

Land	$	51,358
Building and improvements		603,056
Equipment		95,726
Furniture and fixtures		36,993
		787,133
Less accumulated depreciation and amortization		(380,600)
	$	406,533

Depreciation and amortization expense for 2016 was $32,616.

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 $18,000 per calendar year, with an additional $6,000 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 in for the year ended December 31, 2016 were $20,371.

Note 7 – **Rental Income**

The Organization occupies approximately 67% of its building with the remaining space being rented to various professional business services on a month-to-month basis. Rental income for the year ended December 31, 2016 was $17,310. Rental expenses, excluding depreciation, allocable to the rental income from tenants was $9,521 for the year.

Note 8 – **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, 2016 the Organization's uninsured cash balances totaled $1,811,857. The Organization carefully investigates the financial institutions with which it makes deposits and has experienced no losses on such deposits.

Note 9 – **Subsequent Events**

The Organization has evaluated its financial statements for subsequent events through February 25, 2017, the date the financial statements were available to be issued.