

**COMMISSION TO EVERY NATION, INC.**

**FINANCIAL STATEMENTS**

December 31, 2010

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Massey • Itschner  
& Company, P.C.  
CERTIFIED PUBLIC  
ACCOUNTANTS

**Independent Auditor's Report**

February 12, 2011

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

We have audited the accompanying statements of financial position of Commission to Every Nation, Inc. (a non-profit organization) as of December 31, 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

**COMMISSION TO EVERY NATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2010

**ASSETS**

Cash and cash equivalents	\$ 735,667
Investments	701,268
Property and equipment:	
Property and equipment	686,267
Accumulated depreciation	<u>(203,626)</u>
	<u>482,641</u>
	<u>\$ 1,919,576</u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable and accrued expenses	<u>\$ 22</u>
Net assets:	
Unrestricted	1,919,554
Temporarily restricted	<u>-</u>
	<u>1,919,554</u>
	<u>\$ 1,919,576</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, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues:			
Contributions	\$ 5,581,522	\$ -	\$ 5,581,522
Investment income	79,933	-	79,933
Rental income	29,913	-	29,913
Total support and revenues	<u>5,691,368</u>	<u>-</u>	<u>5,691,368</u>
Expenses:			
Program	5,201,736	-	5,201,736
Management and general	272,741	-	272,741
Fundraising	90,634	-	90,634
Total expenses	<u>5,565,111</u>	<u>-</u>	<u>5,565,111</u>
Change in net assets	126,257	-	126,257
Net assets - beginning of year	<u>1,793,297</u>	<u>-</u>	<u>1,793,297</u>
Net assets - end of year	<u>\$ 1,919,554</u>	<u>\$ -</u>	<u>\$ 1,919,554</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, 2010

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Administrative	\$ 2,049	\$ 90,652	\$ -	\$ 92,701
Depreciation and amortization	10,937	18,753	2,797	32,487
Equipment maintenance	-	1,836	16,527	18,363
Investment expenses	-	7,252	-	7,252
Missions support	4,958,141	-	-	4,958,141
Occupancy	8,555	19,017	-	27,572
Other	-	581	168	749
Printing supplies and postage	-	-	55,112	55,112
Salaries and related	169,916	134,650	16,030	320,596
Travel	52,138	-	-	52,138
	<u>\$ 5,201,736</u>	<u>\$ 272,741</u>	<u>\$ 90,634</u>	<u>\$ 5,565,111</u>

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, 2010

Cash flows from operating activities:	
Change in net assets	\$ 126,257
Adjustments to reconcile (increase) decrease in net assets to net cash provided by operating activities:	
Depreciation	18,753
Unrealized gains/losses	(79,687)
Increase (decrease) in current liability items:	
Accounts receivable	7,226
Accounts payable and accrued expenses	(4,190)
Net cash provided by operating activities	<u>68,359</u>
Cash flows from investing activities	
Purchase of equipment and building remodel	(17,370)
Sale of Investments	-
Net cash provided by Investing activities	<u>(17,370)</u>
Net increase in cash and cash equivalents	50,989
Cash and cash equivalents at beginning of year	<u>670,943</u>
Cash and cash equivalents at end of year	<u>\$ 721,932</u>
Supplemental information	
Interest paid	<u>\$ -</u>

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

## COMMISSION TO EVERY NATION

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

#### 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, Costa Rica, El Salvador, Honduras, Nicaragua, Peru, Brazil, Suriname, Cameroon, South Africa, Mozambique, Malawi, Uganda, Poland, Ukraine, Romania, Albania, Spain, Cyprus, and the Philippines, as well as other countries. They had over 150 missionaries and family members serving in these countries with the general oversight of the welfare of over 600 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. consist of the following:

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

*Temporarily Restricted Net Assets* – the part of net assets resulting from contributions and other inflows of assets whose use is limited by donor-suggested 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-suggested restrictions. 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.

**COMMISSION TO EVERY NATION**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2010

**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.

**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:

	<u>Estimated Service Lives (Years)</u>
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 under SFAS No. 116.

**Note 3 – Investments**

For the year ended December 31, 2010, investments consisted of the following:

Common Stock	\$ 401,160
Mutual Fund Equities	66,378
Fixed Income securities	<u>233,730</u>
	<u>\$ 701,268</u>

**COMMISSION TO EVERY NATION**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2010

**Note 3 – Investments (continued)**

Investment return for the year ended December 31, 2010 consisted on the following:

Interest and dividends	\$ 22,143
Unrealized gains/(losses)	45,425
Realized gains/(losses)	<u>12,365</u>
	<u>\$ 79,933</u>

**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.

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, 2010.

*Common stocks, corporate bonds and Fixed income securities:* Valued at the closing price reported on the active market on which the individual securities are traded. (Level 1 Measurements)

**COMMISSION TO EVERY NATION**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2010

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

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 66,378	\$ -	\$ -	\$ 66,378
Common stock	401,160	-	-	401,160
Fixed income securities	<u>233,730</u>	<u>-</u>	<u>-</u>	<u>233,730</u>
Total assets at fair value	<u>\$ 701,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701,268</u>

**Note 5 – Property and Equipment**

At December 31, 2010, property and equipment consisted of the following:

Land	\$ 51,358
Building and improvements	547,708
Equipment	47,506
Furniture and fixtures	<u>39,695</u>
	686,267
Less accumulated depreciation and amortization	<u>(203,626)</u>
	<u>\$ 482,641</u>

Depreciation and amortization expense for 2010 was \$32,487

**Note 6 – Net Assets**

As of December 31, 2010, an assessment of any donor restrictions was done and it was determined that funds are properly reflected as unrestricted. The beginning of the year balance of \$242,992 was reclassified to unrestricted.

**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, 2010 was \$29,913. Rental expenses, excluding depreciation, allocable to the rental income from tenants was \$9,099 for the year.

**COMMISSION TO EVERY NATION**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2010

**Note 8 – Commitment for Health Reimbursement Arrangement**

The Organization provides a health reimbursement arrangement (HRA) to its employees. The plan provides a benefit up to \$2,000 per year for a full-time employee and their family for eligible medical expenses. Any unused amounts at the end of a year will carry forward to the next year. If an employee leaves employment, the amount remaining in the account will be available to them for medical expenses one year after they separate. The organization records this expense when it reimburses the employee for qualified medical expenses. As of December 31, 2010, the organization had an outstanding commitment of \$31,110 to fund HRA expenses.

**Note 9 – Subsequent Events**

The Organization has evaluated its financial statements for subsequent events through February 12, 2011, the date the financial statements were available to be issued. The Organization is not aware of any such events which would require recognition or disclosure in the financial statements.