

EVERY GENERATION MINISTRIES
AUDITED FINANCIAL STATEMENTS

JUNE 30, 2020

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of financial position	3
Statement of activities and changes in net assets	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7 - 20



www.ozurovichandassociates.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Every Generation Ministries
Temecula, California

We have audited the accompanying statements of Every Generation Ministries, which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

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 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.

**EVERY GENERATION MINISTRIES
NOTES TO 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 Every Generation Ministries as of June 30, 2020, 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.

Other Matter and Report on Summarized Comparative Information

Another auditor previously audited Every Generation Ministries' June 30, 2019 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated October 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ozurovich & Associates

Rancho Santa Margarita, California
October 24, 2020

EVERY GENERATION MINISTRIES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	2020			2019
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 340,345	\$ 266,770	\$ 607,115	\$ 492,028
Grants receivable	0	0	0	42,000
Other receivables	8,959	0	8,959	959
Prepaid expenses	4,247	0	4,247	3,586
Total current assets	353,551	266,770	620,321	538,573
Property and equipment - net (Note 3)	13,572	0	13,572	21,167
Deposits	8,752	0	8,752	8,859
TOTAL ASSETS	\$ 375,875	\$ 266,770	\$ 642,645	\$ 568,599
LIABILITIES				
<i>Current liabilities</i>				
Accounts payable	\$ 7,538	\$0	\$ 7,538	\$ 17,015
Accrued expenses (Note 4)	61,617	0	61,617	34,117
Total current liabilities	69,155	0	69,155	51,132
<i>Long-Term liabilities</i>				
PPP loan payable (Note 12)	182,057	0	182,057	0
TOTAL LIABILITIES	251,212	0	251,212	51,132
NET ASSETS				
Net assets without donor restrictions	124,663	0	124,663	263,583
Net assets with donor restrictions (Note 8)	0	266,770	266,770	253,884
TOTAL NET ASSETS	124,663	266,770	391,433	517,467
TOTAL LIABILITIES AND NET ASSETS	\$ 375,875	\$ 266,770	\$ 642,645	\$ 568,599

See independent auditor's report and accompanying notes.

EVERY GENERATION MINISTRIES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	2020			2019
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
REVENUE AND SUPPORT				
Contributions	\$ 385,766	\$ 732,030	\$ 1,117,796	\$ 1,115,414
Fundraising events (Note 6)	244,901	0	244,901	323,783
Investment return	784	0	784	462
Grants	150,000	170,214	320,214	328,338
Other	495	0	495	0
Total Revenue and Support	<u>781,946</u>	<u>902,244</u>	<u>1,684,190</u>	<u>1,767,997</u>
NET ASSETS RELEASED FROM RESTRICTIONS (NOTE 9)				
Satisfaction of program restrictions	848,411	(848,411)	0	0
Expiration of time restrictions	40,947	(40,947)	0	0
Total net assets released from restrictions	<u>889,358</u>	<u>(889,358)</u>	<u>0</u>	<u>0</u>
Total Revenue, Support, and Reclassifications	<u>1,671,304</u>	<u>12,886</u>	<u>1,684,190</u>	<u>1,767,997</u>
EXPENSES				
Program services - Ministry	1,414,844	0	1,414,844	1,491,137
Management and general	182,603	0	182,603	120,120
Fundraising	212,777	0	212,777	231,650
Total Expenses	<u>1,810,224</u>	<u>0</u>	<u>1,810,224</u>	<u>1,842,907</u>
CHANGE IN NET ASSETS	(138,920)	12,886	(126,034)	(74,910)
NET ASSETS, Beginning of year	<u>263,583</u>	<u>253,884</u>	<u>517,467</u>	<u>592,377</u>
NET ASSETS, End of year	<u>\$ 124,663</u>	<u>\$ 266,770</u>	<u>\$ 391,433</u>	<u>\$ 517,467</u>

See independent auditor's report and accompanying notes.

**EVERY GENERATION MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)**

	2020				2019	
	Program Services	Supporting Services				
	MINISTRY	MANAGEMENT AND GENERAL	FUNDRAISING	SUPPORTING TOTAL	TOTAL	TOTAL
Salaries	\$ 486,636	\$ 104,279	\$ 104,279	\$ 208,558	\$ 695,194	\$ 675,409
Payroll taxes	29,523	6,327	6,326	12,653	42,176	43,930
Employee benefits	158,717	34,250	35,370	69,620	228,337	217,763
Total salaries, payroll taxes, and employee benefits	674,876	144,856	145,975	290,831	965,707	937,102
Advertising and promotion	6,308	3,527	2,770	6,297	12,605	20,520
Bank fees	14,477	4,825	0	4,825	19,302	13,550
Conferences, conventions and meetings	12,148	769	769	1,538	13,686	22,326
Depreciation	5,317	1,139	1,139	2,278	7,595	7,970
Loss on disposal of property and equipment	0	0	0	0	0	1,564
Dues and subscriptions	0	741	494	1,235	1,235	1,650
Event expenses	0	0	21,227	21,227	21,227	87,699
Grants to organizations, individuals	459,675	0	0	0	459,675	437,196
Insurance	5,829	1,249	1,249	2,498	8,327	5,619
Licenses and permits	0	1,228	0	1,228	1,228	535
Miscellaneous	134	28	29	57	191	841
Occupancy	46,344	9,930	9,931	19,861	66,205	80,967
Office expenses	4,235	907	908	1,815	6,050	4,537
Printing	13,401	2,871	2,872	5,743	19,144	6,596
Professional fees	14,971	9,456	12,727	22,183	37,154	87,298
Telephone	2,820	604	604	1,208	4,028	3,863
Travel	152,101	0	11,610	11,610	163,711	117,612
Utilities	2,208	473	473	946	3,154	5,462
TOTAL EXPENSES	\$ 1,414,844	\$ 182,603	\$ 212,777	\$ 395,380	\$ 1,810,224	\$ 1,842,907

See independent auditor's report and accompanying notes.

**EVERY GENERATION MINISTRIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (126,034)	\$ (74,910)
Adjustments to reconcile change in net assets to net cash (used)/provided by operating activities		
Donated stock	(3,557)	(1,773)
(Gain) on sale of donated stock	(48)	(6)
Depreciation	7,595	7,970
Loss on disposal of property and equipment	0	1,564
(Increase) decrease in assets		
Grants receivable	42,000	55,990
Other receivables	(8,000)	241
Prepaid expenses	(661)	10,207
Deposits	107	(4,453)
Increase (decrease) in liabilities		
Accounts payable	(9,477)	8,195
Accrued expenses	27,500	(1,465)
Net cash (used)/provided by operating activities	<u>(70,575)</u>	<u>1,560</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	0	(2,396)
Proceeds from sale of donated stock	3,605	1,779
Net cash provided/(used) by investing activities	<u>3,605</u>	<u>(617)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan payable	182,057	0
Net cash provided by financing activities	<u>182,057</u>	<u>0</u>
NET INCREASE IN CASH	115,087	943
CASH AND CASH EQUIVALENTS, beginning of year	<u>492,028</u>	<u>491,085</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 607,115</u></u>	<u><u>\$ 492,028</u></u>

See independent auditor's report and accompanying notes.

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – ORGANIZATION

Every Generation Ministries (the “Organization”) is a Colorado nonprofit organization, established on October 6, 1993 in order to assist churches in Europe, Latin America, Africa and the Middle East in developing effective ministries for children, youth and their families. The Organization seeks to establish ministry centers in metropolitan areas to provide innovative leadership development and quality ministry resources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization 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.

Net Assets Without Donor Restrictions – Include contributions, fundraising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fundraising efforts of the Organization.

Net Assets With Donor Restrictions – Include gifts and grants received that are restricted with respect to time or use by the donor or grantor. When the restrictions expire, the net assets of this fund are reclassified to net assets without donor restrictions. Restricted gifts and grants received are reported as unrestricted revenue if the restriction is met in the same reporting period.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(Note 2 continued on the following page)

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status

The Organization is a nonprofit benefit organization organized under the laws of California and, as such, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and corresponding state provisions. However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption.

The Organization's federal income tax and informational returns for tax years ending June 30, 2016 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California, the Organization's most significant jurisdiction, remain subject to examination by the California Franchise Tax Board for tax years ending June 30, 2016 and subsequent.

The Organization has adopted the provisions of Accounting Standards Codification ("ASC") 740-10-05 relating to accounting and reporting for uncertainty in income taxes. For the Organization, these provisions could be applicable to the incurrence of any unrelated business income attributable to the Organization. Because of the Organization's general tax-exempt status, the provisions of ASC 740-10-05 are not anticipated to have a material impact on the Organization's financial statements.

Restricted and Unrestricted Revenue and Support

Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reported period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Cash and Cash Equivalents

For the purpose of the financial statements, the Organization considers all investments purchased with a maturity date of three months or less to be cash equivalents. Commercial banks have FDIC coverage up to \$250,000 per depositor per bank. At June 30, 2020 and 2019 the uninsured amounts were none and \$9,828, respectively.

Contributed Services and Gifts In-Kind

Contributed services are recognized if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Only those amounts that meet the criteria above are recorded in the accompanying financial statements. The Organization recognized no in-kind donations as income during the years ended June 30, 2020 and 2019.

(Note 2 continued on the following page)

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant Revenue

The Organization receives funding through donations and grants from private Organizations, individuals, and corporations. Grant revenue includes exchange transactions under which revenue is recognized when earned and expenses are recognized when incurred. Grant receipts from exchange transactions not earned are reported as deferred income.

Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Based on management's assessment of the past and current relationships with donors, it has concluded that losses on balances outstanding at year-end will be immaterial. Therefore, the allowance for doubtful accounts at June 30, 2020 and 2019 was none.

Vacation and Sick Leave Benefits

Employees are credited during the current year for future vacation benefits. The expense and corresponding liability are accrued when vacations are earned rather than when vacations are paid.

Property and Equipment

Property and equipment are recorded at cost if purchased and at fair value at the date of donation if donated. Repairs and maintenance are expensed as incurred and improvements of property and equipment items in excess of \$2,000 are capitalized. Depreciation and amortization are provided by use of the straight-line method over the estimated useful lives of the assets.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statement for the year ended June 30, 2019, from which the summarized information was derived.

Advertising

The Organization uses advertising to promote its programs among the communities it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2020 and 2019, advertising costs totaled \$12,605 and \$20,520, respectively.

(Note 2 continued on the following page)

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and employee benefits which are allocated on the basis of estimates of time and effort for the Organization's personnel. The following expenses are allocated using the same percentages as the personnel costs described above because they are incurred in support of the day-to-day job functions of the Organization's employees: depreciation, loss on disposal of property and equipment, miscellaneous, occupancy, office expenses, printing, telephone, and utilities.

Risks and Uncertainties

Conditions created by the COVID-19 environment could contribute to short-term financial challenges that adversely affect the Organization's cash flows. Specifically, there is the potential for reductions in private donations if program activities are forced to be significantly curtailed due to travel restrictions. The Organization's Board of Directors has discussed these risks and uncertainties and has formulated alternative strategic plans to mitigate the effects of these concerns.

New Accounting Pronouncements

Revenue Recognition – In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2018. Early adoption is not permitted. The guidance permits the use of either a retrospective or cumulative effect transition method. The Organization has adopted ASU 2014-09 in these financial statements on a retrospective basis.

(Note 2 continued on the following page)

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

Leases – Organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Guidance for Contributions Received and Made – In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Made. This update requires a recipient of funds from a resource provider to determine if those funds should be classified as a reciprocal exchange transaction or as a contribution based on the value that the resource provider is receiving from the transaction. Additionally, the update requires recipient organizations to determine whether a contribution is conditional based on if the agreement includes barriers that must be overcome, and either a right of return of assets transferred, or a right of release of a resource provider's obligation to transfer assets. If the agreement includes both characteristics, the recipient is not entitled to the transferred assets, and therefore does not recognize the associated revenues, until the barrier is overcome. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization has adopted ASU 2018-08 in these financial statements on a retrospective basis. No adjustments to net assets as of July 1, 2019 or 2018 was necessary and adoption of the new guidance did not have a material impact on the Organization's financial statements.

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	Method	Estimated Useful Lives (Years)	2020	2019
Furniture and fixtures	Straight-line	7	\$ 24,279	\$ 24,279
Vehicles	Straight-line	5	25,989	25,989
			<u>50,268</u>	<u>50,268</u>
Less: accumulated depreciation			<u>(36,696)</u>	<u>(29,101)</u>
			<u>\$ 13,572</u>	<u>\$ 21,167</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$7,595 and \$7,970, respectively.

NOTE 4 – ACCRUED EXPENSES

The Organization's accrued expense balance consists of the following categories at June 30:

	2020	2019
Payroll	\$ 11,165	\$ 6,922
Vacation	30,726	17,425
Deferred rent	12,236	6,373
Other	7,490	3,397
	<u>\$ 61,617</u>	<u>\$ 34,117</u>

NOTE 5 – RETIREMENT PLAN

The Organization has established a SIMPLE IRA retirement plan ("the Plan"), whereby all eligible employees may contribute to a SIMPLE IRA plan of their choice under a salary reduction agreement. The Organization has provided for matching contributions up to 3% of gross compensation of participating employees. Retirement plan expense for the years ended June 30, 2020 and 2019 were \$11,820 and \$9,447, respectively.

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – LEASE COMMITMENTS

The Organization is committed under a noncancelable operating leases for facilities used in day-to-day operations. The current lease is currently scheduled to expire on October 31, 2023 and upon that date will continue on a month-to-month basis. The monthly lease payments range from \$5,207 to \$5,860.

The Organization is also committed under a noncancelable operating lease for office equipment used in day-to-day operations. The current lease is currently scheduled to expire in November 2022. The monthly lease payments is \$227.

Future minimum lease payments under noncancelable operating leases as of June 30, 2020 are as follows:

Years ending June 30:		
2021	\$	70,333
2022		70,776
2023		23,442
		<u>164,551</u>
	\$	<u>164,551</u>

Rent expense for the years ended June 30, 2020 and 2019 was \$66,205 and \$80,967, respectively.

NOTE 7 – FUNDRAISING EVENTS

The fundraising events activity consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Revenues		
Cash	\$ 244,901	\$ 293,944
Donated gifts	-	29,839
	<u>244,901</u>	<u>323,783</u>
Expenses		
Cash	(21,227)	(57,860)
Donated gifts	0	(29,839)
	<u>(21,227)</u>	<u>(87,699)</u>
Net	<u>\$ 223,674</u>	<u>\$ 236,084</u>

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2020</u>	<u>2019</u>
<i>Subject to expenditure for a specified purpose:</i>		
Missionaries	\$ 84,753	\$ 48,096
Africa		
Grant	1,053	0
Region	14,400	0
Expansion	0	15,402
Asia		
India	(4,221)	24,801
Europe		
Curriculum	135	181
Region	14,660	0
Expansion	0	2,169
Latin America		
Argentina Publication	0	5,400
Chile Publication	6,350	6,761
Mexico	1,374	10,272
Peru	495	5,439
Region	23,240	0
Middle East		
Region	20,410	0
Lebanon	12	0
Expansion	5,130	0
Projects		
Office stationery	52	3,000
President Succession	0	33,250
Cornelius Project	6,950	15,830
Logos Project	17,641	33,205
Crucible	1,467	3,958
Gutenberg	0	598
Titus	0	721
InCountry Match	10,000	0
Russian Curriculum	12,750	0
EGM Institute	17,117	0
Special Needs	11,230	0

(Note 8 continued on the following page)

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

	2020	2019
<i>Subject to expenditure for a specified purpose (continued):</i>		
Short Term Ministry		
Uganda/Voyagers	0	1,275
Romania	7,905	0
Ukraine	13,867	0
Summer Internship	0	1,526
	266,770	211,884
<i>Time restrictions:</i>		
For the periods after June 30, 2020 and 2019, respectively	0	42,000
	\$ 266,770	\$ 253,884

NOTE 9 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions during the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
<i>Expenditure for a specified purpose:</i>		
Missionaries	\$ 272,207	\$ 235,593
Africa		
Expansion	30,401	1,675
Congo	1,625	0
Uganda	4,340	0
Asia		
Expansion	0	58,610
India	91,437	40,606
Europe		
Curriculum	0	836
Romania	350	0
Ukraine	35	0
Belarus	910	0
Eastern Europe	14,100	0
Expansion	13,053	52,483

(Note 9 continued on the following page)

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS (Continued)

	<u>2020</u>	<u>2019</u>
<i>Expenditure for a specified purpose (continued):</i>		
Latin America		
Argentina Publication	5,400	35,611
Chile Publication	761	18,589
Mexico	8,898	23,989
Mexico Vehicle	0	3,000
Peru	8,148	28,544
USHM	0	6,364
Middle East		
Egypt	0	5,435
Sirocco Project	0	1,540
Lebanon	2	0
Expansion	124,200	60,975
Projects		
Office relocation	0	25,000
Office Stationery	2,948	0
President Succession	33,250	11,750
Cornelious Project	28,880	6,670
Projects		
Logos Project	100,681	81,352
Benevolence	0	0
Cornerstone	0	24,850
Crucible	2,491	45,641
Gutenberg	598	3,238
Titus	721	5,415
InCountry Match	0	0
Russian Curriculum	2,250	0
EGM Institute	57,228	0
Special Needs	0	0
Short Term Ministry		
Argentina	0	454
Egypt Prayer Conference	16,253	25,037
Egypt Curriculum	5,374	
Romania	329	0
Uganda/DRC	0	5,502

(Note 9 continued on the following page)

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS (Continued)

	<u>2020</u>	<u>2019</u>
<i>Expenditure for a specified purpose (continued):</i>		
Short Term Ministry (continued)		
Uganda/Voyagers	11,849	17,453
Ukraine	7,388	40,710
Summer Internship	<u>2,304</u>	<u>392</u>
	<u>848,411</u>	<u>867,314</u>
 <i>Expiration of time restrictions:</i>		
	<u>40,947</u>	<u>55,500</u>
	<u>\$ 889,358</u>	<u>\$ 922,814</u>

NOTE 10 – AVAILABILITY OF FINANCIAL ASSETS

The following reflects The Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in board designated funds that could be drawn upon if the governing board approves that action. However, amounts already appropriated from a board designated fund for general expenditure within one year of June 30, 2020 are not been subtracted as unavailable. There were no such board designated funds as of June 30, 2020 and 2019.

The Organization's financial assets available within one year of June 30, 2020 for general expenditure are as follows:

<i>Financial assets, at year end</i>		
Cash and cash equivalents	\$	607,115
Other receivables		8,959
<i>Less those unavailable for general expenditures within one year due to:</i>		
<i>Contractual or donor-imposed restrictions:</i>		
Restricted by donor with purpose restrictions		<u>(266,770)</u>
Total	\$	<u>349,304</u>

(Note 10 continued on the following page)

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Organization's financial assets available within one year of June 30, 2019 for general expenditure are as follows:

Financial assets, at year end

Cash and cash equivalents	\$	492,028
Grants receivable – current		42,000
Other receivables		959

Less those unavailable for general expenditures within one year due to:

Contractual or donor-imposed restrictions:

Restricted by donor with purpose restrictions	(211,844)
Restricted by donor with time restrictions	<u>(42,000)</u>

Total	\$	<u>281,143</u>
-------	----	----------------

As part of The Organization's liquidity management practices, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 11 – RELATED PARTY TRANSACTIONS

The Organization is affiliated with organizations in other countries to provide ministry services. In addition to the support provided to the preceding affiliated organizations, an employee of the Organization is a member of the board of directors of each affiliated organization. The Organization made donations to each of the organizations listed below during the years ended June 30:

Country/ Region	Affiliate Name	2020	2019
Argentina	Ministerio Para Cada Generacion – Argentina	\$ 25,636	\$ 34,041
DR Congo	Vizazi Congo	27,309	21,660
Uganda	Vizazi Uganda	19,775	15,825
Egypt	Voice of Generations	38,088	34,069
Jordan	Generation for Christ	22,914	15,370
Lebanon	Generation to Generation Ministry	14,881	2,083
Mexico	Ministerio Para Cada Generacion – Mexico	22,250	0
Romania	Echipare Pentru Generatia	8,034	2,992
Ukraine	Sluzhenie Pokolenijam Ukraine	13,229	12,129

(Note 11 continued on the following page)

**EVERY GENERATION MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 – RELATED PARTY TRANSACTIONS (Continued)

Country/ Region	Affiliate Name	2020	2019
Chile	Ministerio Para Cada Generacion – Chile	0	14,681
Peru	Ministerio Para Cada Generacion – Peru	7,536	0
Poland	Misja Pokolen	23,369	31,769
Hungary	Rema Alapitvany	9,287	10,317
Belarus	Sluzhenie Pokolenijam Belarus	18,599	17,402
Europe	Asociatia Every Generation	0	16,784
Asia	Nayi Asia	0	4,255
Africa	EGM Africa	0	23,429
India	Jeevan Disha	27,234	4,000
Kenya	EGM Kenya	2,488	0
Russia	EGM Russia	9,384	0
		<u>\$ 290,013</u>	<u>\$ 260,806</u>

NOTE 12 – PPP LOAN PAYABLE

On April 16, 2020, the Organization received loan proceeds in the amount of \$182,057 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot assure that it will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

NOTE 13 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2020 have been evaluated through October 24, 2020, the date at which the Organization's audited financial statements were available to be issued. No events requiring disclosures have occurred through this date.