



**CHRISTIAN ASSOCIATES
INTERNATIONAL, INC. DBA
COMMUNITAS INTERNATIONAL
AND SUBSIDIARY**

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2019 and 2018

**CHRISTIAN ASSOCIATES INTERNATIONAL, INC.
DBA COMMUNITAS INTERNATIONAL AND SUBSIDIARY**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Christian Associates International, Inc.
dba Communitas International and Subsidiary
Centennial, Colorado

We have audited the accompanying consolidated financial statements of Christian Associates International, Inc. dba Communitas International and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Christian Associates International, Inc.
dba Communitas International and Subsidiary
Centennial, Colorado

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Christian Associates International, Inc. dba Communitas International and Subsidiary as of December 31, 2019 and 2018, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
June 17, 2020

**CHRISTIAN ASSOCIATES INTERNATIONAL, INC.
DBA COMMUNITAS INTERNATIONAL AND SUBSIDIARY**

Consolidated Statements of Financial Position

	December 31,	
	2019	2018
ASSETS:		
Cash and cash equivalents	\$ 1,067,188	\$ 719,752
Prepaid expenses and other assets	26,486	30,780
Advances	6,403	9,204
Due from affiliates	29,307	61,351
Investments	98,701	57,813
Furniture and equipment—net	114,378	137,773
	<u>\$ 1,342,463</u>	<u>\$ 1,016,673</u>
Total Assets	<u>\$ 1,342,463</u>	<u>\$ 1,016,673</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 18,098	\$ 26,068
Accrued expenses	341,555	308,024
Due to affiliates	74,209	27,286
Notes payable	-	14,571
	<u>433,862</u>	<u>375,949</u>
Net assets (deficit):		
Without donor restrictions	(112,518)	(199,181)
With donor restrictions	1,021,119	839,905
	<u>908,601</u>	<u>640,724</u>
Total Liabilities and Net Assets	<u>\$ 1,342,463</u>	<u>\$ 1,016,673</u>

See notes to consolidated financial statements

**CHRISTIAN ASSOCIATES INTERNATIONAL, INC.
DBA COMMUNITAS INTERNATIONAL AND SUBSIDIARY**

Consolidated Statements of Activities

Year Ended December 31,

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 131,567	\$ 3,699,626	\$ 3,831,193	\$ 83,599	\$ 3,620,307	\$ 3,703,906
Membership sales	110,159	-	110,159	105,203	-	105,203
Training fees	68,628	-	68,628	38,305	-	38,305
Interest and other income	60,755	-	60,755	11,564	-	11,564
Total Support and Revenue	371,109	3,699,626	4,070,735	238,671	3,620,307	3,858,978
NET ASSETS RELEASED:						
From purpose restriction	3,129,564	(3,129,564)	-	3,152,371	(3,152,371)	-
Administrative assessments	388,848	(388,848)	-	371,137	(371,137)	-
	3,518,412	(3,518,412)	-	3,523,508	(3,523,508)	-

(continued)

See notes to consolidated financial statements

**CHRISTIAN ASSOCIATES INTERNATIONAL, INC.
DBA COMMUNITAS INTERNATIONAL AND SUBSIDIARY**

Consolidated Statements of Activities
(continued)

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services	3,307,266	-	3,307,266	3,327,880	-	3,327,880
Supporting activities:						
General and administrative	288,407	-	288,407	171,960	-	171,960
Fund-raising	207,185	-	207,185	198,967	-	198,967
	495,592	-	495,592	370,927	-	370,927
Total Expenses	3,802,858	-	3,802,858	3,698,807	-	3,698,807
Change in Net Assets	86,663	181,214	267,877	63,372	96,799	160,171
Net Assets (Deficit), Beginning of Year	(199,181)	839,905	640,724	(262,553)	743,106	480,553
Net Assets (Deficit), End of Year	\$ (112,518)	\$ 1,021,119	\$ 908,601	\$ (199,181)	\$ 839,905	\$ 640,724

See notes to consolidated financial statements

**CHRISTIAN ASSOCIATES INTERNATIONAL, INC.
DBA COMMUNITAS INTERNATIONAL AND SUBSIDIARY**

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 267,877	\$ 160,171
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	28,927	29,464
Realized and unrealized (gain)/loss on investments	(40,263)	16,320
Donated investments	-	(14,290)
Loss on disposal of furniture and equipment	1,456	2,969
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	4,294	(2,113)
Advances	2,801	1,067
Due from affiliates	32,044	34,222
Accounts payable	(7,970)	(33,401)
Accrued expenses	33,531	(42,134)
Due to affiliates	46,923	23,139
Net Cash Provided by Operating Activities	369,620	175,414
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(6,988)	(2,500)
Reinvested dividends	(625)	(4,219)
Net Cash Used by Investing Activities	(7,613)	(6,719)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(14,571)	(10,429)
Net Cash Used by Financing Activities	(14,571)	(10,429)
Change in Cash and Cash Equivalents	347,436	158,266
Cash and Cash Equivalents, Beginning of Year	719,752	561,486
Cash and Cash Equivalents, End of Year	\$ 1,067,188	\$ 719,752

See notes to consolidated financial statements

CHRISTIAN ASSOCIATES INTERNATIONAL, INC. DBA COMMUNITAS INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

1. NATURE OF ORGANIZATION:

Christian Associates International, Inc. (CAI) dba Communitas International and Subsidiary, a nonprofit organization incorporated in the state of Oregon, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state laws. However, the organization is subject to federal income tax on any unrelated business taxable income. In addition, CAI is not a private foundation under Section 509(a) of the IRC. The primary source of revenue is contributions.

The mission of Christian Associates International, Inc. dba Communitas International and Subsidiary is to establish churches who follow Jesus in transforming their world, through the following principles:

- We are called to be his missional followers. Thus, by God's grace and the Holy Spirit's empowerment, we want to foster a great movement that has a tireless passion to plant the Gospel and invite others into a relationship with Jesus and join us in His mission to the world.
- We want to give ourselves to the mission of Jesus Christ to change lives and extend His kingdom in the cities of Europe...and beyond. This includes seeing Jesus bring redemptive healing and wholeness to people's lives and entire communities.
- We strive to see every person with unsurpassable worth, worthy enough for Jesus to die for them and for us to reach out to them in love.

Together we want to manifest God's kingdom of love and grace, raise up more and more missional followers/disciples of Jesus, and multiply more missional, Christ-following leaders, communities, and movements.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Christian Associates International, Inc. and InterWork Enterprises, LLC (collectively, CI). InterWork Enterprises, LLC, formed in 2015 and developed in 2016, exists to provide coworking space, in and around the city of Denver. All intercompany activity has been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

CI maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

**CHRISTIAN ASSOCIATES INTERNATIONAL, INC.
DBA COMMUNITAS INTERNATIONAL AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

The scope of these consolidated financial statements is limited to the United States organization. The organization is affiliated with Christian Associates International, Inc. of The Netherlands and the United Kingdom. The assets, liabilities, revenues, and expenses of these affiliated organizations have not been included in these financial statements due to the lack of board control and economic influence.

The significant accounting policies are described as follows:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and money market accounts. These accounts may, at times, exceed federally insured limits. CI has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS

Investments consist of equity securities. Investments are recorded at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the Fair Value Measurements topic of the FASB Codification. It is the policy of CI to sell donated securities immediately upon receipt. Such donations are recorded at fair value on the date received. Gains and losses are reported within interest and other income on the statements of activities. Investments, as of December 31, 2019 and 2018, consist of equity securities valued at \$98,701 and \$57,813, respectively.

DUE TO AND DUE FROM AFFILIATES

Amounts represent activities in Europe for missionaries and projects of CI that have not been remitted to CI, and amounts due to these affiliated organizations in Europe as of December 31, 2019 and 2018.

FURNITURE AND EQUIPMENT

Items capitalized as furniture and equipment are recorded at cost. Donated items are recorded at their fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives (currently 3-10 years) of the related assets. CI capitalizes fixed asset purchases exceeding \$2,000 with lesser amounts expensed in the year purchased.

**CHRISTIAN ASSOCIATES INTERNATIONAL, INC.
DBA COMMUNITAS INTERNATIONAL AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets.

Net assets without donor restrictions include net assets currently available at the discretion of the board of directors for use in CI's operations and those resources invested in furniture and equipment.

Net assets with donor restrictions are amounts restricted by donors for specific operating purposes. They are not currently available for use in CI activities until restrictions regarding their use have been fulfilled. When a restriction expires, that is when a stipulated purpose restriction is satisfied, net assets with donor restrictions will be reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. Donations that are restricted for a specific purpose are assessed an administrative charge of approximately 10-15% during the years ended December 31, 2019 and 2018. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor. Those contributions received after year-end that were postmarked by December 31, 2019, were recorded as contributions and cash and cash equivalents rather than promises to give.

Training fees are recorded when earned which is when the training takes place. Interest income is recorded when earned.

Expenses are recognized in accordance with the accrual basis of accounting.

ADOPTION OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. CI adopted the recipient provisions of this new standard during the year ended December 31, 2019. This new standard provides guidance on determining whether transactions should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. Adoption of this standard had no effect on the change in net assets or net assets in total.

**CHRISTIAN ASSOCIATES INTERNATIONAL, INC.
DBA COMMUNITAS INTERNATIONAL AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects CI's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or when contributions received with donor specified restrictions are not expected to be used within the upcoming fiscal year.

	December 31,	
	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 1,067,188	\$ 719,752
Accounts receivable	1,100	1,576
Due from affiliates	29,307	61,351
Investments	98,701	57,813
Financial assets, at year-end	1,196,296	840,492
Less those unavailable for general expenditure within one year, due to:		
Contributions received with donor restrictions for missionaries that will not be disbursed within the next 12 months	(66,654)	(25,000)
Investments and perpetual trusts held by others not convertible to cash within next 12 months	(1,100)	(1,100)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,128,542	\$ 814,392

CI has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**CHRISTIAN ASSOCIATES INTERNATIONAL, INC.
DBA COMMUNITAS INTERNATIONAL AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

4. FURNITURE AND EQUIPMENT:

Furniture and equipment—net consists of:

	December 31,	
	2019	2018
Leasehold improvements	\$ 132,734	\$ 132,734
Furniture and equipment	72,188	67,121
	204,922	199,855
Accumulated depreciation	(93,044)	(64,582)
	111,878	135,273
Work in progress	2,500	2,500
	\$ 114,378	\$ 137,773

5. NOTES PAYABLE:

During the year ended December 31, 2016, CI obtained three unsecured notes payable totaling \$25,000 due to individuals, to be paid in quarterly installments with interest calculated at 10%. The remaining principal portion as of December 31, 2018 was \$14,571. The notes were paid off in their entirety during the year ended December 31, 2019.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions for projects consist of:

	December 31,	
	2019	2018
Missionary support	\$ 690,932	\$ 583,127
Church and project support	330,187	256,778
	\$ 1,021,119	\$ 839,905
	\$ 1,021,119	\$ 839,905

**CHRISTIAN ASSOCIATES INTERNATIONAL, INC.
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Notes to Consolidated Financial Statements

December 31, 2019 and 2018

7. FUNCTIONAL ALLOCATION OF EXPENSES:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of CI. These expenses include salaries and wages, grants to others, depreciation, and other expenses. Salaries and employee benefits are allocated on estimates of time and effort. Grants to others are based on the purpose of the grant. Depreciation is based on the use of furniture and equipment. All other expenses are based on the purpose of the expense. Functional expenses by natural classification for the years ended December 31, 2019 and 2018 are:

	For the year ended December 31, 2019			
	Program	General and Administrative	Fund-raising	Total
Salaries and wages	\$ 2,133,557	\$ 185,453	\$ 169,382	\$ 2,488,392
Grants to others	695,085	4,294	254	699,633
Services, supplies, and other	398,516	78,077	36,450	513,043
Occupancy, utilities, and maintenance	48,245	-	-	48,245
Depreciation	20,032	8,894	-	28,926
Employee benefits	11,277	11,689	1,099	24,065
Interest	554	-	-	554
	\$ 3,307,266	\$ 288,407	\$ 207,185	\$ 3,802,858
	For the year ended December 31, 2018			
	Program	General and Administrative	Fund-raising	Total
Salaries and wages	\$ 2,180,710	\$ 99,624	\$ 165,848	\$ 2,446,182
Grants to others	675,701	82	131	675,914
Services, supplies, and other	395,282	48,678	32,400	476,360
Occupancy, utilities, and maintenance	40,719	-	-	40,719
Depreciation	19,815	9,649	-	29,464
Employee benefits	13,799	13,927	588	28,314
Interest	1,854	-	-	1,854
	\$ 3,327,880	\$ 171,960	\$ 198,967	\$ 3,698,807

**CHRISTIAN ASSOCIATES INTERNATIONAL, INC.
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Notes to Consolidated Financial Statements

December 31, 2019 and 2018

8. OPERATING LEASE:

During the year ended December 31, 2016, CI entered into an operating lease for office space for InterWork Enterprises, LLC. Lease expense during the years ended December 31, 2019 and 2018, was \$31,048 and \$44,545, respectively. Future minimum lease payments for 2020 are \$31,892.

9. TRANSACTIONS WITH RELATED PARTIES:

CI provided grant support (net of expenses) in the amount of \$152,422 and \$65,928 to their affiliates during the years ended December 31, 2019 and 2018, respectively. In addition, there was a balance due from affiliates of \$29,307 and \$61,351, as of December 31, 2019 and 2018, respectively. There was also a balance due to affiliates of \$74,209 and \$27,286, as of December 31, 2019 and 2018, respectively, as reflected in the consolidated statements of financial position.

During the year ended December 31, 2016, CI obtained two notes payable from individuals on the board of directors. Related party notes payable as of December 31, 2019 and 2018 totaled \$0 and \$5,828, respectively.

10. FINANCIAL CONDITION:

At December 31, 2019 and 2018, the balance in net assets without donor restrictions was a deficit of \$112,518 and \$199,181, respectively. At December 31, 2019 and 2018, that deficit was reduced by equity in furniture and equipment of \$114,378 and \$123,202, respectively, leaving CI with an operating deficit in net assets without donor restrictions of \$226,896 and \$322,383, respectively. Management has a plan to reduce or eliminate this deficit within the next two to five years through various operating strategies.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through June 17, 2020, which is the date of the consolidated financial statements were available.