



CHRISTIAN ASSOCIATES INTERNATIONAL,  
INC. DBA COMMUNITAS INTERNATIONAL  
AND SUBSIDIARY

Consolidated Financial Statements  
With Independent Auditors Report

December 31, 2018 and 2017

**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, 2018 and 2017, 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, 2018 and 2017, 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.

***Emphasis of Matter***

Christian Associates International, Inc. dba Communitas International and Subsidiary, has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentations of Financial Statements of Not-For-Profit Entities*, as described in note 2. This has had a material effect on the presentation of the December 31, 2018 and 2017 financial statements. Our opinion is not modified in respect to this matter.

*Capin Crouse LLP*

Colorado Springs, Colorado  
June 17, 2019

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

**Consolidated Statements of Financial Position**

	December 31,	
	2018	2017
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 719,752	\$ 561,486
Prepaid expenses and other assets	30,780	28,667
Advances	9,204	10,271
Due from affiliates	61,351	95,573
Investments	57,813	55,624
Furniture and equipment—net	137,773	167,706
Total Assets	\$ 1,016,673	\$ 919,327
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 26,068	\$ 59,469
Accrued expenses	308,024	350,158
Due to affiliates	27,286	4,147
Notes payable	14,571	25,000
	375,949	438,774
Net assets:		
Without donor restrictions		
Operating	(322,383)	(405,259)
Equity in furniture and equipment	123,202	142,706
	(199,181)	(262,553)
With donor restrictions	839,905	743,106
	640,724	480,553
Total Liabilities and Net Assets	\$ 1,016,673	\$ 919,327

See notes to consolidated financial statements

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

**Consolidated Statements of Activities**

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 83,599	\$ 3,620,307	\$ 3,703,906	\$ 163,675	\$ 3,509,524	\$ 3,673,199
Membership sales	105,203	-	105,203	67,726	-	67,726
Training fees	38,305	-	38,305	17,217	-	17,217
Interest and other income	11,564	-	11,564	27,619	-	27,619
<b>Total Support and Revenue</b>	<b>238,671</b>	<b>3,620,307</b>	<b>3,858,978</b>	<b>276,237</b>	<b>3,509,524</b>	<b>3,785,761</b>
<b>NET ASSETS RELEASED:</b>						
From purpose restriction	3,152,371	(3,152,371)	-	3,144,919	(3,144,919)	-
Administrative assessments	371,137	(371,137)	-	358,957	(358,957)	-
	<b>3,523,508</b>	<b>(3,523,508)</b>	<b>-</b>	<b>3,503,876</b>	<b>(3,503,876)</b>	<b>-</b>
<b>EXPENSES:</b>						
Program services	3,327,880	-	3,327,880	3,268,504	-	3,268,504
Supporting activities:						
General and administrative	171,960	-	171,960	250,343	-	250,343
Fund-raising	198,967	-	198,967	223,643	-	223,643
	<b>370,927</b>	<b>-</b>	<b>370,927</b>	<b>473,986</b>	<b>-</b>	<b>473,986</b>
<b>Total Expenses</b>	<b>3,698,807</b>	<b>-</b>	<b>3,698,807</b>	<b>3,742,490</b>	<b>-</b>	<b>3,742,490</b>
Change in Net Assets	63,372	96,799	160,171	37,623	5,648	43,271
Net Assets, Beginning of Year,	(262,553)	743,106	480,553	(300,176)	737,458	437,282
Net Assets, End of Year	<u>\$ (199,181)</u>	<u>\$ 839,905</u>	<u>\$ 640,724</u>	<u>\$ (262,553)</u>	<u>\$ 743,106</u>	<u>\$ 480,553</u>

See notes to consolidated financial statements

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

**Consolidated Statements of Cash Flows**

	Year Ended December 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 160,171	\$ 43,271
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	29,464	28,344
Realized and unrealized (gain)/loss on investments	16,320	(7,038)
Donated investments	(14,290)	(21,254)
Loss on disposal of furniture and equipment	2,969	-
Changes in operating assets and liabilities:		
Advances	1,067	(2,111)
Prepaid expenses and other assets	(2,113)	23,602
Due from affiliates	34,222	23,275
Due to affiliates	23,139	(31,379)
Accounts payable	(33,401)	(27,461)
Accrued Expenses	(42,134)	50,724
Net Cash Provided by Operating Activities	<u>175,414</u>	<u>79,973</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of furniture and equipment	(2,500)	(15,788)
Reinvested dividends	(4,219)	(123)
Net Cash Used by Investing Activities	<u>(6,719)</u>	<u>(15,911)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on notes payable	(10,429)	-
Net Cash Used by Financing Activities	<u>(10,429)</u>	<u>-</u>
Change in Cash and Cash Equivalents	158,266	64,062
Cash and Cash Equivalents, Beginning of Year	<u>561,486</u>	<u>497,424</u>
Cash and Cash Equivalents, End of Year	<u>\$ 719,752</u>	<u>\$ 561,486</u>

See notes to consolidated financial statements

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

## Notes to Consolidated Financial Statements

December 31, 2018 and 2017

### 1. NATURE OF ORGANIZATION:

Christian Associates International, Inc. (CAI) dba Communitas International and Subsidiary is 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 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, 2018 and 2017

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, 2018 and 2017, consist of equity securities valued at \$57,813 and \$55,624, 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, 2018 and 2017.

**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. Assets acquired under a capital lease are amortized over the life of the lease or the estimated useful life, whichever is less.

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

**Notes to Consolidated Financial Statements**

December 31, 2018 and 2017

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 for use in the operations of CI 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, 2018 and 2017. 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, 2018, 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 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, CI adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, disclosures were added regarding liquidity and funds available (note 3) and the functional allocation of expenses (note 7).

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

**Notes to Consolidated Financial Statements**

December 31, 2018 and 2017

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects CI's financial assets as of December 31, 2018 and 2017, 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.

	December 31,	
	2018	2017
Financial assets:		
Cash and cash equivalents	\$ 719,752	\$ 561,486
Accounts receivable	1,576	1,100
Due from affiliates	61,351	95,573
Investments	57,813	55,624
Financial assets, at year-end	840,492	713,783
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	(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	\$ 814,392	\$ 712,683

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**

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4. FURNITURE AND EQUIPMENT:

Furniture and equipment—net consists of:

	December 31,	
	2018	2017
Leasehold improvements	\$ 132,734	\$ 132,734
Furniture and equipment	67,121	81,331
	199,855	214,065
Accumulated depreciation	(64,582)	(46,359)
	135,273	167,706
Work in progress	2,500	-
	\$ 137,773	\$ 167,706

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%. During the years ended December 31, 2018 and 2017, principal was paid in the amount of \$10,429, and \$0, respectively. The remaining principal portion as of December 31, 2018 and 2017, is \$14,571, and \$25,000, respectively. Unless previously paid, the notes mature in full in October 2021.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions for projects consist of:

	December 31,	
	2018	2017
Missionary support	\$ 583,127	\$ 461,656
Church and project support	256,778	281,450
	\$ 839,905	\$ 743,106

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

**Notes to Consolidated Financial Statements**

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7. EXPENSES BY BOTH NATURE AND FUNCTION:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of CI. These expenses include depreciation and amortization, interest, the president's office, communications, media production, information technology, and facilities operations and maintenance. Salaries and employee benefits were 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 the furniture and equipment. All other expenses are based on the purpose of the expense. Total expenses include all operating expenses.

Functional expenses by natural classification for the years ended December 31, 2018 and 2017 are:

	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
Depreciations and amortization	19,815	9,649	-	29,464
Employee benefits	13,799	13,927	588	28,314
Interest	1,854	-	-	1,854
	<u>\$ 3,327,880</u>	<u>\$ 171,960</u>	<u>\$ 198,967</u>	<u>\$ 3,698,807</u>
	For the year ended December 31, 2017			
	Program	General and Administrative	Fund-raising	Total
Salaries and wages	\$ 2,182,376	\$ 150,777	\$ 183,370	\$ 2,516,523
Grants to others	556,370	28	431	556,829
Services, supplies, and other	429,945	79,689	39,842	549,476
Occupancy, utilities, and maintenance	62,680	-	-	62,680
Depreciations and amortization	19,752	8,592	-	28,344
Employee benefits	14,548	11,257	-	25,805
Interest	2,833	-	-	2,833
	<u>\$ 3,268,504</u>	<u>\$ 250,343</u>	<u>\$ 223,643</u>	<u>\$ 3,742,490</u>

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

**Notes to Consolidated Financial Statements**

December 31, 2018 and 2017

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, 2018 and 2017, was \$44,545 and \$63,780, respectively. Future minimum lease payments for 2019 are \$28,020.

9. TRANSACTIONS WITH RELATED PARTIES:

CI provided grant support (net of expenses) in the amount of \$65,928 and \$56,650 to their affiliates during the years ended December 31, 2018 and 2017, respectively. In addition, there was a balance due from affiliates of \$61,351 and \$95,573 as of December 31, 2018 and 2017, respectively. There was also a balance due to affiliates of \$27,286 and \$4,147 as of December 31, 2018 and 2017, 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, 2018 and 2017 totaled \$5,828 and \$10,000, respectively.

10. FINANCIAL CONDITION:

At December 31, 2018 and 2017, the balance in the unrestricted operating net assets was a deficit of \$322,383 and \$405,259, respectively. Management has a plan to reduce or eliminate this deficit within the next three to six years through various operating strategies.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through June 17, 2019, which is the date of the consolidated financial statements were available.