



EUROPEAN CHRISTIAN MISSION
INTERNATIONAL - USA

Financial Statements
With Independent Accountants' Compilation
Report

December 31, 2016 and 2015

EUROPEAN CHRISTIAN MISSION INTERNATIONAL - USA

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
European Christian Mission International - USA
Monument, Colorado

Management is responsible for the accompanying financial statements of European Christian Mission International - USA, which comprise of the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, or provide any form of assurance on these financial statements.

Capin Crouse LLP

Colorado Springs, Colorado
April 5, 2017

EUROPEAN CHRISTIAN MISSION INTERNATIONAL - USA

Statements of Financial Position

	December 31,	
	<u>2016</u>	<u>2015</u>
ASSETS:		
Cash and cash equivalents	\$ 571,170	\$ 582,890
Investments	56,982	55,125
Accounts receivable and other assets	541	2,193
	<u> </u>	<u> </u>
Total Assets	<u>\$ 628,693</u>	<u>\$ 640,208</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,224	\$ 5,212
	<u> </u>	<u> </u>
Net assets:		
Unrestricted	64,043	90,985
Temporarily restricted—missionary support	562,426	544,011
	<u>626,469</u>	<u>634,996</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 628,693</u>	<u>\$ 640,208</u>

See accompanying notes and independent accountants' compilation report

EUROPEAN CHRISTIAN MISSION INTERNATIONAL - USA

Statements of Activities

	Year Ended December 31,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 64,887	\$ 1,368,217	\$ 1,433,104	\$ 101,561	\$ 951,847	\$ 1,053,408
Contributions - net assets acquired	-	-	-	-	147,436	147,436
Investment and other income	2,744	-	2,744	3,804	-	3,804
Total Support and Revenue	67,631	1,368,217	1,435,848	105,365	1,099,283	1,204,648
NET ASSETS RELEASED:						
Purpose restrictions	1,202,061	(1,202,061)	-	841,160	(841,160)	-
Administrative assessment	147,741	(147,741)	-	104,189	(104,189)	-
	1,349,802	(1,349,802)	-	945,349	(945,349)	-
EXPENSES:						
Program expenses	1,132,295	-	1,132,295	767,111	-	767,111
Supporting activities:						
General and administrative	246,909	-	246,909	174,596	-	174,596
Fundraising	65,171	-	65,171	45,081	-	45,081
Total supporting activities	312,080	-	312,080	219,677	-	219,677
Total Expenses	1,444,375	-	1,444,375	986,788	-	986,788
Change in Net Assets	(26,942)	18,415	(8,527)	63,926	153,934	217,860
Net Assets, Beginning of Year	90,985	544,011	634,996	27,059	390,077	417,136
Net Assets, End of Year	\$ 64,043	\$ 562,426	\$ 626,469	\$ 90,985	\$ 544,011	\$ 634,996

See accompanying notes and independent accountants' compilation report

EUROPEAN CHRISTIAN MISSION INTERNATIONAL - USA

Statements of Cash Flows

	Year Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (8,527)	\$ 217,860
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	-	1,456
Realized and unrealized gains on investments	(1,195)	(950)
Contributions - net assets acquired	-	(147,436)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	1,652	665
Accounts payable and accrued expenses	(2,988)	1,684
Net Cash Provided (Used) by Operating Activities	(11,058)	73,279
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	3,997	-
Purchases of investments	(4,659)	-
Net Cash Used by Investing Activities	(662)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions - net assets acquired	-	147,436
Net Cash Provided by Financing Activities	-	147,436
Net Change in Cash and Cash Equivalents	(11,720)	220,715
Cash and Cash Equivalents, Beginning of Year	582,890	362,175
Cash and Cash Equivalents, End of Year	\$ 571,170	\$ 582,890

See accompanying notes and independent accountants' compilation report

EUROPEAN CHRISTIAN MISSION INTERNATIONAL - USA

Notes to Financial Statements

December 31, 2016 and 2015

1. NATURE OF ORGANIZATION:

European Christian Mission International - USA (ECMI) is an organization committed to igniting church planting movements among unreached people across Europe. ECMI is a National Section of European Christian Mission International - Europe, an organization and charity registered in Great Britain. This charity exists to establish and develop reproducing churches which evangelize and disciple the peoples of Europe. ECMI looks to partner with churches in the United States to provide prayer, missionaries, and financial resources to meet the goals of ECMI.

ECMI is committed to planting and developing churches and imparting to them the vision to multiply in the local community, nationally, and internationally. They are able to do this by first reaching people through media, production and distribution of literature, and special events. ECMI believes in making the effort to build relationships with people. They do so through friendship evangelism, teaching, and reaching out to the marginalized in the European society. Finally, ECMI's missionaries challenge their new friends for Christ and work to make them His disciples through prayer, bible studies, and small groups.

Effective December 31, 2015, ECMI acquired New Hope International (NHI), a California nonprofit organization. The Board of Directors of NHI voted to donate all net assets and to secede control of NHI to the board of directors of ECMI. The acquisition of NHI resulted in a contribution of \$147,436 to ECMI, which was accounted for using the purchase method of combination, which requires combination of the acquired entity's net assets as of the date of acquisition, at estimated fair value. All of NHI's assets and liabilities as of December 31, 2015 are included in these financial statements. Assets, liabilities, and operations were absorbed by ECMI, and ECMI is the only remaining legal entity.

ECMI is operated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), and is not a private foundation under Section 509(a) of the Code. ECMI's primary source of support and revenue is contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ECMI maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the 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 financial statements to the reader.

EUROPEAN CHRISTIAN MISSION INTERNATIONAL - USA

Notes to Financial Statements

December 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and savings accounts. These accounts may, at times, exceed federally insured limits. ECMI has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk related to cash and cash equivalents.

INVESTMENTS

Investments mainly consist of bond mutual funds with a small portion of publicly traded stock as of December 31, 2016. Bond mutual funds and stock are carried at fair value based on fair market values that are readily determinable based on quoted prices. As of December 31, 2016 and 2015, all assets subject to fair market value are valued based on Level 1 valuation techniques. It is the policy of ECMI to sell donated securities immediately upon receipt. Such donations are recorded at fair value on the date received.

The Fair Value Measurements Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 3 inputs consist of unobservable inputs that are supported by little or no market activity and have the lowest priority. When available, ECMI measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

FIXED ASSETS–NET

Fixed assets are stated at cost, or if donated, at the estimated fair market value at the date of donation. Assets donated with restrictions regarding use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time. Depreciation is recorded using the straight-line method over estimated useful lives ranging from three to five years. Fixed asset purchases exceeding \$1,500 are capitalized, with lesser amounts expensed in the year of purchase. As of December 31, 2016 and 2015, all fixed assets are fully depreciated, resulting in a net value of zero. Therefore, fixed assets were not included on the statements of financial position as of December 31, 2016 and 2015.

EUROPEAN CHRISTIAN MISSION INTERNATIONAL - USA

Notes to Financial Statements

December 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The net assets of ECMI are reported in the following two classes:

Unrestricted net assets consist of resources used to support operations and those resources invested in fixed assets.

Temporarily restricted net assets consist of donor restricted contributions for missionary and project support.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and 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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Investment and other income includes investment income and program fee income, and is recorded when earned.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as payroll, relating to more than one function have been allocated among the program services and supporting activities benefited.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2016, ECMI had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

ECMI is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

EUROPEAN CHRISTIAN MISSION INTERNATIONAL - USA

Notes to Financial Statements

December 31, 2016 and 2015

3. INVESTMENTS:

As of December 31, 2016 and 2015, investments consist of:

	December 31,	
	2016	2015
Common stocks	\$ 1,197	\$ 842
Bond mutual funds	55,785	54,283
	<u>\$ 56,982</u>	<u>\$ 55,125</u>

Investment income consists of:

	Year Ended December 31,	
	2016	2015
Interest and dividends	\$ 975	\$ 1,082
Realized and unrealized gains (losses)	220	(132)
	<u>\$ 1,195</u>	<u>\$ 950</u>

4. VOLUNTEER HOURS:

ECMI has volunteers who contribute a significant number of hours each year, for operational and ministry purposes. The services these volunteers contribute do not meet the criteria for recognition as a contribution according to current technical standards and are therefore not included in the financial statements. The amount of hours worked by volunteers in 2016 and 2015 approximated 1,330 and 2,550, respectively, with a value of these services ranging from \$15 - \$30/hour.

EUROPEAN CHRISTIAN MISSION INTERNATIONAL - USA

Notes to Financial Statements

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5. OPERATING LEASES:

ECMI leases office space and equipment. Operating lease expense for the years ended December 31, 2016 and 2015, was \$10,992 and \$600. Future minimum payments for operating leases are \$6,076 for the year ended December 31, 2017.

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.