Every Village

Financial Statements
and Independent Auditors' Report
for the year ended December 31, 2019

Every Village

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Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Every Village:

We have audited the accompanying financial statements of Every Village, which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, of functional expenses, and of 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 our 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 auditors' 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.

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 Village as of December 31, 2019 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.

Blazek & Vetterling

April 14, 2020

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Every Village

Statement of Financial Position as of December 31, 2019

ASSETS

Cash	$ 454,597
Prepaid expenses and other assets	27,776
Property and equipment, net *(Note 3)*	46,460
TOTAL ASSETS	$ 528,833

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	$ 22,606
Funds held for others	8,959
Deferred revenue	26,873
Total liabilities	58,438
Commitments *(Note 5)*	
Net assets:	
Without donor restrictions	361,945
With donor restrictions *(Note 4)*	108,450
Total net assets	470,395
TOTAL LIABILITIES AND NET ASSETS	$ 528,833

See accompanying notes to financial statements.

Every Village

Statement of Activities for the year ended December 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	$ 767,670	$ 596,735	$ 1,364,405
Rental revenue	89,329		89,329
Other income	17,044		17,044
Total revenue	874,043	596,735	1,470,778
Net assets released from restrictions:			
Program expenditures	743,099	(743,099)	
Total	1,617,142	(146,364)	1,470,778
EXPENSES:			
Program services:			
Radio	599,493		599,493
Water	229,945		229,945
Training	141,639		141,639
Total program services	971,077		971,077
Management and general	180,819		180,819
Fundraising	300,497		300,497
Occupancy costs related to rental income	88,480		88,480
Total expenses	1,540,873		1,540,873
CHANGES IN NET ASSETS	76,269	(146,364)	(70,095)
Net assets, beginning of year	285,676	254,814	540,490
Net assets, end of year	$ 361,945	$ 108,450	$ 470,395

See accompanying notes to financial statements.

Every Village

Statement of Functional Expenses for the year ended December 31, 2019

	PROGRAM SERVICES				SUPPORTING SERVICES		
EXPENSES	RADIO	WATER	TRAINING	TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES
Salaries and related costs	$ 234,797	$ 119,735	$ 70,630	$ 425,162	$ 51,459	$ 214,508	$ 691,129
Field materials	213,376	11,958	1,059	226,393			226,393
Travel, meals and lodging	44,726	6,068	58,241	109,035	1,140	8,023	118,198
Professional services	442	174	125	741	83,379	6,521	90,641
Water drilling contract services		72,091		72,091			72,091
Freight, fuel and customs fees	48,147	5,484	2,161	55,792		33	55,825
Occupancy	13,470	5,309	3,540	22,319	20,633	11,355	54,307
Supplies	17,483	1,720	977	20,180	2,093	27,856	50,129
Technology and communications	6,960	2,457	1,774	11,191	5,445	5,585	22,221
Contract services – other	7,723		456	8,179		7,341	15,520
Bank charges and credit card fees	908	195	200	1,303	2,235	11,734	15,272
Depreciation	1,110	437	275	1,822	12,791		14,613
Repairs and maintenance	6,083	2,629	1,106	9,818			9,818
Other	4,268	1,688	1,095	7,051	1,644	7,541	16,236
Total expenses	$ 599,493	$ 229,945	$ 141,639	$ 971,077	$ 180,819	$ 300,497	1,452,393
Occupancy costs related to rental income							88,480
Total							$ 1,540,873

See accompanying notes to financial statements.

Every Village

Statement of Cash Flows for the year ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$	(70,095)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation		14,613
Changes in operating assets and liabilities:		
Prepaid expenses and other assets		(3,570)
Accounts payable and accrued expenses		(36,491)
Deferred revenue		26,873
Net cash used by operating activities		(68,670)
NET CHANGE IN CASH		(68,670)
Cash, beginning of year		523,267
Cash, end of year	$	454,597

See accompanying notes to financial statements.

Every Village

Notes to Financial Statements for the year ended December 31, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization – Every Village was organized as a Texas nonprofit corporation in 2000 to bring glory to God through the transformation of every village in South Sudan. Every Village operates in three regions of South Sudan and joins with the South Sudanese in bringing holistic transformation through integrated programs of radio, water, and training strategies.

Radio – Every Village's radio network broadcasts the gospel and community development teaching through solar-powered radios distributed in local communities. Every Village's radio network reaches the masses, broadcasting Bible stories, health & hygiene training, news, and educational programming in local languages.

Water – Every Village is drilling water wells throughout South Sudan, providing thirsty people with pure and refreshing water that sustains life. Wells deepen Every Village's relationship with community leaders and offer tangible expressions of God's love.

Training – Every Village invests in its South Sudanese staff through training. Workshops are offered through short-term trips in the areas of professional skills training, spiritual training, and program-specific training. Internships, scholarships, and training are offered to selected team members with collaborating organizations.

Federal income tax status – Every Village is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash – Bank deposits held in U. S. financial institutions exceed the federally insured limit per depositor per institution. Cash includes deposits held in African financial institutions and local currency used for daily operations of approximately $20,400 reported as U. S. dollars.

Property and equipment is reported at cost, if purchased, or at fair value at the date of gift, if donated. Property and equipment purchases over $500 are capitalized, except that equipment purchased for use in South Sudan is expensed in the year of acquisition due to potential political instability and uncertain ownership rights in the region. Depreciation is calculated on a straight-line basis, using a half-year convention, over estimated useful lives of 5 to 10 years.

Funds held for others consist of amounts collected on behalf of Africa employees for disbursement to the employees upon retirement or termination. Every Village acts as an agent in collecting and disbursing these funds and such transactions are not reflected as revenue or expenses.

Deferred revenue – Event sponsorships or rental revenue received for future periods are recognized as deferred revenue until the event takes place or the rental revenue is earned.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose

specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before the organization is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as deferred revenue.

Rental revenue is recognized in the period of occupancy. Rental revenue received in advance is reported in the statement of financial position as deferred revenue.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Houston occupancy and other Houston overhead costs are allocated based on Houston salaries. Shared program costs are allocated to the three programs based on direct program costs.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. Every Village is required to adopt this ASU for its fiscal year ending December 31, 2021. Management has not yet determined the impact adoption of this ASU will have on the financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet cash needs for general expenditures within one year at December 31, 2019 comprise of the following:

Cash	$ 454,597
Less financial assets not available for general expenditure:	
Funds held for others	(8,959)
Total financial assets available for general expenditure	$ 445,638

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Every Village considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. Every Village is substantially supported by contributions and regularly monitors the liquidity required to meet its operating needs.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 consists of the following:

Furniture and fixtures	$ 77,560
Office and computer equipment	6,853
Vehicles	6,305
Building and improvements	5,294
Radio equipment	1,857
Total property and equipment, at cost	97,869
Accumulated depreciation	(51,409)
Property and equipment, net	$ 46,460

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 are restricted as follows:

Subject to expenditure for specified purpose:	
Hand held radios	$ 46,709
Radio operations – Mvolo	23,856
Water drilling	22,625
Other	15,260
Total net assets with donor restrictions	$ 108,450

NOTE 5 – COMMITMENTS

Every Village leases office space under noncancelable operating lease agreements. Lease expense totaled approximately $124,000 for the year ended December 31, 2019. Lease expenses on the subleased property includes monthly operating costs of approximately $2,700, not included in the table below. The following is a schedule of future minimum lease payments as of December 31, 2019:

2020	$ 76,950
2021	72,024
2022	14,601
Total minimum lease payments	$ 163,575

In 2018, Every Village entered into a sublease agreement related to one of its noncancelable leases. The sublease is coterminous with the original lease, with the following future sublease rentals:

2020	$ 79,128
2021	79,128
2022	19,782
Total minimum sublease income	$ 178,038

Sublease rental revenue recognized for the year ended December 31, 2019 totaled $79,128.

NOTE 6 – EMPLOYEE BENEFIT PLAN

All employees of Every Village are eligible to participate in a savings plan upon employment. U. S. employees are eligible to participate in a §403(b) plan, with employer matching contributions at the employer's discretion. Every Village paid matching contributions into this plan of $5,836 in 2019. Africa employees are eligible to participate in a personal savings benefit plan upon employment, with employer matching contributions of up to 5% of the employee's annual wages. In certain circumstances, Africa employees can take loans from their balances with at least a one-month notice. Every Village's contribution to this plan totaled $12,787 for 2019.

NOTE 7 – SUBSEQUENT EVENTS

On March 11, 2020, the Director-General of the World Health Organization (WHO) declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States.

The extent of the impact of COVID-19 on Every Village's operational and financial performance will depend on developments such as the duration and spread of the outbreak, impact on customers, donors, employees, and vendors all of which are uncertain and cannot be predicted. Therefore, while Every Village expects this matter to negatively impact its operating results and financial position, the financial impact cannot be reasonably estimated at this time.

Management has evaluated subsequent events through April 14, 2020, which is the date that the financial statements were available for issuance. No other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
