

**THE PROVERBS 31 MINISTRY, INC.**  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
AND  
INDEPENDENT AUDITOR'S REPORT

**FRANKLIN & FRANKLIN, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

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**THE PROVERBS 31 MINISTRY, INC.**  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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# FRANKLIN & FRANKLIN, PA

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Proverbs 31 Ministry, Inc.  
Matthews, North Carolina

We have audited the accompanying financial statements of The Proverbs 31 Ministry, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free of 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.

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 The Proverbs 31 Ministry, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Franklin & Franklin, PA  
Matthews, North Carolina

May 10, 2019

# THE PROVERBS 31 MINISTRY, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents - without donor restrictions	\$2,074,064	\$1,128,901
Accounts and other receivables	145,143	10,490
Pledges receivable	108,891	91,256
Investments	1,816,990	1,331,106
Inventory, net of reserve (\$16,863 in 2018 and \$-0- in 2017)	388,512	180,410
Prepaid expenses	213,851	73,885
TOTAL CURRENT ASSETS	<u>4,747,451</u>	<u>2,816,048</u>
OTHER ASSETS:		
Cash and cash equivalents - with donor restrictions	347,967	230,739
Pledges receivable, net of discount (\$2,321 in 2018 and \$5,521 in 2017)	71,679	465,185
Property and equipment, net	185,821	267,841
Land held for sale	-	749,039
Website, net of accumulated amortization (\$35,899 in 2018 and \$11,543 in 2017)	53,276	73,717
Building debt reduction	100,000	100,000
TOTAL OTHER ASSETS	<u>758,743</u>	<u>1,886,521</u>
TOTAL ASSETS	<u><u>\$5,506,194</u></u>	<u><u>\$4,702,569</u></u>
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 172,788	\$ 140,054
Accrued PTO liability	69,248	53,991
401(k) liability	20,705	16,270
Deferred revenue	102,464	69,941
TOTAL CURRENT LIABILITIES	<u>365,205</u>	<u>280,256</u>
LONG-TERM DEBT	-	-
TOTAL LIABILITIES	<u>365,205</u>	<u>280,256</u>
NET ASSETS:		
Net assets without donor restrictions	4,793,022	3,726,389
Net assets with donor restrictions	347,967	695,924
TOTAL NET ASSETS	<u>5,140,989</u>	<u>4,422,313</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$5,506,194</u></u>	<u><u>\$4,702,569</u></u>

# THE PROVERBS 31 MINISTRY, INC.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Contributions	\$2,867,716	\$2,900,773
Resource sales, net of cost of goods sold (\$2,036,310 for 2018 and \$1,569,828 for 2017)	1,510,027	1,422,810
Ministry training	1,105,662	1,059,910
Conference income	778,300	599,880
Speaking ministry income	80,135	82,349
Special projects	8,510	4,033
Gain/(loss) on investments	(5,494)	43,639
Miscellaneous income/(expense)	165,342	(81,400)
Net assets released from restrictions	431,457	180,858
TOTAL SUPPORT AND REVENUE	<u>6,941,655</u>	<u>6,212,852</u>
EXPENSES:		
Program services expense	4,665,053	4,072,495
Management and general expense	861,696	937,092
Fundraising expense	348,273	391,081
TOTAL EXPENSES	<u>5,875,022</u>	<u>5,400,668</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,066,633</u>	<u>812,184</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Restricted contributions	83,500	66,271
Net assets released from restrictions	(431,457)	(180,858)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(347,957)</u>	<u>(114,587)</u>
CHANGE IN NET ASSETS	718,676	697,597
NET ASSETS, BEGINNING OF YEAR	<u>4,422,313</u>	<u>3,724,716</u>
NET ASSETS, END OF YEAR	<u>\$5,140,989</u>	<u>\$4,422,313</u>

# THE PROVERBS 31 MINISTRY, INC.

## STATEMENT OF FUNCTIONAL EXPENSE

YEAR ENDED DECEMBER 31, 2018

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Compensation and benefits	\$2,832,021	\$ 580,928	\$ 217,848	\$ 798,776	\$3,630,797
She Speaks Conference	337,156	-	-	-	337,156
She Speaks Studio	90,775	-	-	-	90,775
Ministry training	374,432	30,510	-	30,510	404,942
Consulting	87,897	-	-	-	87,897
Office expense	187,288	55,077	13,948	69,025	256,313
Other ministry expenses	827	-	-	-	827
Volunteer and staff expense	75,518	21,300	-	21,300	96,818
Travel expense	85,122	-	-	-	85,122
Radio expense	34,200	-	-	-	34,200
Online processing fees	52,737	60,999	-	60,999	113,736
Professional fees	-	60,754	-	60,754	60,754
Marketing expense	406,282	2,118	-	2,118	408,400
Ministry gifts	6,359	-	-	-	6,359
Mid-year and year-end letter	-	-	96,381	96,381	96,381
Fundraising - other	-	30,243	20,096	50,339	50,339
Depreciation and amortization	94,439	19,767	-	19,767	114,206
Total Functional Expenses	<u>\$4,665,053</u>	<u>\$ 861,696</u>	<u>\$ 348,273</u>	<u>\$ 1,209,969</u>	<u>\$ 5,875,022</u>

# THE PROVERBS 31 MINISTRY, INC.

## STATEMENT OF FUNCTIONAL EXPENSE

YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Compensation and benefits	\$ 2,519,510	\$ 618,306	\$ 228,174	\$ 846,480	\$ 3,365,990
She Speaks Conference	348,821	-	-	-	348,821
Ministry training	335,453	25,055	-	25,055	360,508
Consulting	17,800	-	-	-	17,800
Office expense	192,686	68,141	16,622	84,763	277,449
Other ministry expenses	40,283	-	-	-	40,283
Volunteer and staff expense	63,825	21,275	-	21,275	85,100
Travel expense	80,753	-	-	-	80,753
Radio expense	26,503	-	-	-	26,503
Online processing fees	50,314	75,283	-	75,283	125,597
Professional fees	-	91,409	-	91,409	91,409
Marketing expense	335,585	21,150	-	21,150	356,735
Mid-year and year-end letter	-	-	82,913	82,913	82,913
Fundraising - other	-	-	63,372	63,372	63,372
Depreciation and amortization	60,962	16,473	-	16,473	77,435
Total Functional Expenses	<u>\$ 4,072,495</u>	<u>\$ 937,092</u>	<u>\$ 391,081</u>	<u>\$ 1,328,173</u>	<u>\$ 5,400,668</u>

# THE PROVERBS 31 MINISTRY, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 718,676	\$ 697,597
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	114,206	77,435
Loss/(gain) on sale of assets	(159,226)	695
Loss/(gain) on investments	5,494	(43,639)
Loss on previously capitalized costs	12,480	7,941
Changes in operating assets and liabilities:		
accounts and other receivables	(134,653)	(1,208)
pledges receivable	375,871	228,104
inventories	(208,102)	(121,123)
prepaid expenses	(139,966)	12,171
accounts payable	32,734	(12,342)
accrued PTO liability	15,257	2,215
401(k) liability	4,435	1,526
deferred revenue	32,523	(6,128)
Net cash provided by operating activities	669,729	843,244
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(11,851)	(19,943)
Payments on website development	(16,395)	(85,260)
Proceeds from asset sale	912,286	1,949
Purchase of securities	(491,378)	(182,298)
Net cash provided by/(used for) investing activities	392,662	(285,552)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on line of credit	-	(421,600)
Net cash used for financing activities	-	(421,600)
Net change in cash	1,062,391	136,092
Cash and cash equivalents at beginning of year	1,359,640	1,223,548
Cash and cash equivalents at end of year	<u>\$ 2,422,031</u>	<u>\$ 1,359,640</u>

No taxes were paid for 2018 and 2017.

Cash paid for interest was \$-0- and \$1,910 for 2018 and 2017, respectively.

See accompanying notes and independent auditor's report. - 6 -



# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

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### 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Business

The Proverbs 31 Ministry, Inc. (the "Ministry") was incorporated as a charitable organization in North Carolina in 1996. The Ministry is a nonprofit organization dedicated to glorifying God. The Ministry uses daily devotions, a mobile application, online Bible studies, social media, resources, web-based training, radio, speaking events, and conferences to share God's Word and help women grow in Christ.

#### Basis of Accounting

The financial statements of the Ministry have been prepared using the accrual basis of accounting.

#### Financial Statement Presentation

In accordance with Financial Accounting Standards Board ASC Topic 958, *Financial Statements for Not-For-Profit Entities*, the Ministry 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* are those currently available for use in the operations of the Ministry under the direction of the Board.

*Net assets with donor restrictions* are those stipulated by donors for specific purposes or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interest have ceased.

#### Cash and Cash Equivalents

The Ministry considers all highly-liquid investments, purchased with a maturity of three months or less, to be cash equivalents.

#### Accounts and Other Receivables

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts if necessary.

#### Property and Equipment

Property and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Property and equipment acquisitions are capitalized if they are in excess of \$1,000. Depreciation, including depreciation of assets under capital leases, is provided over the estimated useful lives of the respective assets on a straight-line basis, using the half-year convention. The cost of property and equipment sold or retired and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in revenue or expense.

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

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### Resource Sales

Resource sales are recorded at the time the order is received and reflects the sales of ministry resources. For the year ended December 31, 2018, gross sales were \$3,546,337 less cost of goods sold of \$2,036,310, resulting in net sales of \$1,510,027. For the year ended December 31, 2017, gross sales were \$2,992,638 less cost of goods sold of \$1,569,828, resulting in net sales of \$1,422,810.

### Inventories

Inventories consist primarily of books, audio and video resources, and jewelry and are stated at the lower of cost or market determined by the first-in, first-out method.

### Accrued PTO Liability

Employees may carry forward a limited amount of Personal Time Off (PTO) from one calendar year to another.

### Restricted and Unrestricted Revenue

Under *ASC Topic 958*, contributions received are recorded as unrestricted or restricted support, depending on the existence and nature of any donor restrictions.

### Donated Services

Donated services are provided by volunteers but not reflected herein inasmuch as the amount of the services is indeterminable.

### Deferred Revenue

Deferred revenue consists of amounts received as speaker deposits and conference deposits for events to be held in the following year, prepayments on future sponsorships of devotions, and deposits received at year end for resources shipped after year end.

### Income Taxes

The Ministry has received a determination letter from the Internal Revenue Service stating that the Ministry is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

### Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

### Freight

Freight expense on resource products are included in inventory until the product is sold, at which point it is expensed. Freight on supplies and other items are expensed as incurred.

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

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### Advertising

Advertising costs are expensed as incurred.

### Functional Allocation of Expenses

The cost of providing various programs and activities has been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited on estimates made by the Ministry's management.

### Reclassification

Some 2017 amounts were reclassified to conform to the 2018 presentation. Net assets and the change in net assets were not affected by these reclassifications.

## 2. NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Proverbs 31 Ministry, Inc. has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of The Proverbs 31 Ministry, Inc.'s financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 9).

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 3,726,389	\$ —
Temporarily restricted net assets	695,924	—
Net assets without donor restrictions	—	3,726,389
Net assets with donor restrictions	—	695,924
Total net assets	<u>\$ 4,422,313</u>	<u>\$ 4,422,313</u>

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

## 3. PLEDGES RECEIVABLE

Unconditional promises to give are recorded as receivables and revenue when received. The Ministry distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows.

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

Pledges are expected to be realized in the following periods:

	<u>2018</u>	<u>2017</u>
In one year or less	\$ 108,891	\$ 91,256
Between one year and five years	<u>74,000</u>	<u>470,706</u>
	182,891	561,962
Less:		
Allowance for uncollectible pledges	-	-
Discount	<u>(2,321)</u>	<u>(5,521)</u>
	<u>\$ 180,570</u>	<u>\$ 556,441</u>

During the years ended December 31, 2018 and 2017, pledges in the amount of \$298,905 and \$70,000, respectively, were written off because donors changed their giving plans and withdrew their pledges. The write-offs are reflected as a loss of Net Assets With Donor Restrictions on the Statement of Activities and Changes in Net Assets for the years ended December 31, 2018 and 2017.

#### 4. INVESTMENTS

As of December 31, 2018 and 2017, the Ministry held mutual funds and fixed income bonds in the amount of \$1,816,990 and \$1,331,106, respectively. These funds are carried at fair value based on quoted prices in active markets (Level 1 investments). The net income/(loss) on this investment account, (\$5,494) and \$43,639, is reflected in the Statements of Activities and Changes in Net Assets for the years ended December 31, 2018 and 2017.

#### 5. PROPERTY AND EQUIPMENT

The organization records property at cost (fair value, if donated) and provides for depreciation using the straight-line method over the estimated useful life of the asset (furniture and fixtures and office equipment; five—ten years). Maintenance and repairs are expensed as paid; major renewals or betterments are capitalized. A summary of property at December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Furnishings and equipment	\$ 224,975	\$ 246,935
Leasehold improvements	<u>319,746</u>	<u>319,746</u>
	544,721	566,681
Less accumulated depreciation	<u>(358,900)</u>	<u>(298,840)</u>
Property, net	<u>\$ 185,821</u>	<u>\$ 267,841</u>

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

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### 6. DEFINED CONTRIBUTION PENSION PLAN

The Ministry maintains a defined contribution pension plan as defined under Section 401(k) of the U.S. Internal Revenue Code. Employees are eligible to participate after six months of service. The Ministry will match plan contributions up to 4% of wages, excluding bonuses, overtime, and commission. Employer contributions during the years ended December 31, 2018 and 2017 were \$92,934 and \$67,284, respectively.

### 7. JOINT COSTS AND ALLOCATION METHODS

The Ministry incurs compensation and benefits expense for employees that affects program expense, supporting expense, and fundraising expense. Total compensation and benefits expense for the years ended December 31, 2018 and 2017 were \$3,630,797 and \$3,365,990, respectively. The Ministry allocated \$2,832,021 and \$2,519,510, respectively, to program expense, \$580,928 and \$618,306, respectively, to supporting services expense, and \$217,848 and \$228,174, respectively, to fundraising expense. Compensation and benefits are allocated based on a time-allocation analysis prepared by management.

### 8. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2018 and 2017, net assets with donor restrictions are as follows:

	<u>2018</u>	<u>2017</u>
Building Expansion Fund	\$ 322,967	\$ 655,924
20-Something Devotions	25,000	-0-
Church Partnerships	-0-	30,000
Digital Accessibility	<u>-0-</u>	<u>10,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 347,967</u>	<u>\$ 695,924</u>

The Building Expansion Fund includes restricted funds comprised of pledges and cash contributions made by donors primarily in 2016-2017 toward a building expansion and purchase of land. However, the Ministry later determined that this option was no longer the best option for the Ministry, so the land was sold in 2018 (see Note 15).

### 9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets, at year end	<u>2018</u>	<u>2017</u>
	\$4,493,055	\$2,792,492
Less those unavailable for general expenditures within one year, due to:		
Subject to appropriation and satisfaction of donor restrictions	<u>(\$347,967)</u>	<u>(\$230,739)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$4,145,088</u>	<u>\$2,561,753</u>

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

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The Ministry has \$4,145,088 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$2,074,064, receivables of \$254,034, and short-term investments of \$1,816,990.

### 10. OPERATING LEASES

The Ministry has non-cancelable operating leases, primarily for various forms of office equipment, their main office building, and a second, smaller, leased office space. Those leases generally contain renewal options and require the Ministry to pay all executory costs such as taxes, maintenance and insurance. Rental expenses amounted to \$139,683 and \$141,307 for the years ended December 31, 2018 and 2017, respectively, and is included in office expense on the Statements of Activities and Changes in Net Assets.

Lease terms for the main office building provide for a ten year lease with two additional five year extensions. The lease is set to expire in 2022. Terms provide for an option to purchase the building for an amount provided by the contract, which is adjusted annually. As of December 31, 2018, the Ministry has paid an additional \$100,000 towards the purchase of the building.

The Ministry also leased office space at a secondary location in Matthews, North Carolina during 2018 and 2017. The lease for this office space expires in June 2020.

Future minimum lease payments under operating leases as of December 31, 2018 are as follows:

Years Ending December 31:	
2019	\$92,816
2020	63,816
2021	63,816
2022	53,180
2023	-0-
2024 and beyond	-0-

On January 30, 2019, the Ministry entered into a lease agreement for a new building space that is to be upfitted and is planned to be ready for use in July 2020. Rental payments are not due until the earlier of substantial completion of improvements or the date upon which the Ministry first conducts business from the leased premises. The estimated annual rental payments will begin at \$21.00 per rentable square foot, with an increase of 2.5% each year. The estimated amount of rentable square feet is 16,000.

### 11. CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Ministry to concentrations of credit risk, consist principally of cash, cash equivalents and mutual funds. The Ministry maintains its cash accounts with a federally insured financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, the Ministry had deposits in excess of FDIC limits in the amount of \$927,933. The mutual funds are held at an investment company that is protected under the Securities Investor Protection Corporation, which provides coverage up to \$500,000, including \$250,000 in cash. At December 31, 2018, the Ministry held \$921,409 of cash in the investment company account. Management believes these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal.

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

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### 12. CONCENTRATION OF PURCHASES

Since 2015, an e-commerce company has managed the processing and fulfillment of all resource sales and maintained most inventory. Total disbursements to this e-commerce company totaled \$1,256,961 and \$1,398,547 for the years ended December 31, 2018 and 2017.

### 13. RELATED PARTY TRANSACTIONS

During 2017, the Ministry reimbursed a company owned by a related party of the president for actual pilot and fuel expenses for an airplane used for ministry purposes. The amount paid to this company is considered at market or below market price. During 2018, the Ministry began reimbursing travel expenses incurred by a Foundation established by the president of the Ministry. Speaking fees and expenses received by and paid by the president are not reflected in these statements.

The Ministry receives contributions from members of the Executive Team and Board of Directors. Total contributions from these individuals in 2018 and 2017 were \$130,294 and \$147,482, respectively.

### 14. LINE OF CREDIT

The Ministry opened a line of credit in November 2015 in the amount of \$700,000, which was secured by cash and cash equivalents. In 2016, the Ministry had drawn \$630,000 on the line, \$421,600 of which was outstanding as of December 31, 2016. During 2017, the Ministry repaid the line of credit in full.

### 15. LAND HELD FOR SALE

In 2016, the Ministry purchased land with the original intention of building a new facility. However, the plans for expansions changed and the land was not developed. During the year ended December 31, 2018, the Ministry sold the land for \$975,000, resulting in a gain of \$163,247, which is reflected on the Statements of Activities and Changes in Net Assets.

### 16. SUBSEQUENT EVENTS ANALYSIS

Management has evaluated subsequent events through May 10, 2019, the date on which the financial statements were available to be issued. As described in Note 10, on January 30, 2019, the Ministry entered into a lease agreement for office and event space.