

Lutheran Partners in Global Ministry, Inc.
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
December 31, 2021 and 2020



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

Certified Public Accountants
7760 France Avenue S. Suite 940 Bloomington Minnesota 55435
952.831.0085 carpenterevert.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lutheran Partners in Global Ministry, Inc.
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Lutheran Partners in Global Ministry, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lutheran Partners in Global Ministry, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lutheran Partners in Global Ministry, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lutheran Partners in Global Ministry, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lutheran Partner in Global Ministry's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lutheran Partner in Global Ministry's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Coyote, Emt and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
April 23, 2022

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Donations	\$ 353,028	\$ 699,845	\$ 1,052,873	\$ 384,426	\$ 532,574	\$ 917,000
Investment Income	(2,962)	-	(2,962)	5,775	-	5,775
Loss on Disposal of Assets	-	-	-	(1,568)	-	(1,568)
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restrictions	682,374	(682,374)	-	586,563	(586,563)	-
Total Support and Revenue	1,032,440	17,471	1,049,911	975,196	(53,989)	921,207
Expense:						
Program Services	782,759	-	782,759	657,506	-	657,506
Support Services:						
Management and General	137,739	-	137,739	153,190	-	153,190
Fundraising	111,400	-	111,400	80,480	-	80,480
Total Support Services	249,139	-	249,139	233,670	-	233,670
Total Expense	1,031,898	-	1,031,898	891,176	-	891,176
Change in Net Assets	542	17,471	18,013	84,020	(53,989)	30,031
Net Assets - Beginning of Year	734,619	100,196	834,815	650,599	154,185	804,784
Net Assets - End of Year	<u>\$ 735,161</u>	<u>\$ 117,667</u>	<u>\$ 852,828</u>	<u>\$ 734,619</u>	<u>\$ 100,196</u>	<u>\$ 834,815</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR 2020

EXHIBIT B

	2021				2020	
	Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 117,413	\$ 61,769	\$ 87,062	\$ 148,831	\$ 266,244	\$ 246,204
Payroll Taxes	8,660	4,556	6,422	10,978	19,638	17,712
Employee Benefits	9,283	3,764	4,673	8,437	17,720	19,951
Total Personnel Expense	135,356	70,089	98,157	168,246	303,602	283,867
Project Expenses	637,365	-	-	-	637,365	503,665
Rent	-	22,394	-	22,394	22,394	44,366
Professional Services	258	12,618	4,841	17,459	17,717	18,882
Conferences and Meetings	-	11,957	479	12,436	12,436	4,952
Printing, Copying and Newsletters	1,979	6,992	2,365	9,357	11,336	9,645
Bank and Credit Card Fees	4,989	1,971	3,244	5,215	10,204	5,911
Postage	1,670	3,809	1,511	5,320	6,990	6,420
Insurance	-	2,783	-	2,783	2,783	2,799
Telephone and Internet Access	972	621	722	1,343	2,315	2,448
Supplies and Maintenance	170	1,520	81	1,601	1,771	830
Miscellaneous	-	474	-	474	474	539
Website	-	461	-	461	461	386
Travel	-	-	-	-	-	1,972
Depreciation	-	2,050	-	2,050	2,050	4,494
Total Expense	\$ 782,759	\$ 137,739	\$ 111,400	\$ 249,139	\$ 1,031,898	\$ 891,176

The accompanying Notes to Financial Statements
are an integral part of this statement.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT C

	<u>Support Services</u>			<u>Total Support Services</u>	<u>Total All Services</u>
	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- raising</u>		
Salaries	\$ 128,243	\$ 62,619	\$ 55,342	\$ 117,961	\$ 246,204
Payroll Taxes	9,234	4,511	3,967	8,478	17,712
Employee Benefits	8,513	3,150	8,288	11,438	19,951
Total Personnel Expense	<u>145,990</u>	<u>70,280</u>	<u>67,597</u>	<u>137,877</u>	<u>283,867</u>
Project Expenses	503,665	-	-	-	503,665
Rent	-	44,366	-	44,366	44,366
Professional Services	45	13,591	5,246	18,837	18,882
Conferences and Meetings	-	4,920	32	4,952	4,952
Printing, Copying and Newsletters	60	5,605	3,980	9,585	9,645
Bank and Credit Card Fees	4,046	1,764	101	1,865	5,911
Postage	605	3,162	2,653	5,815	6,420
Insurance	-	2,799	-	2,799	2,799
Telephone and Internet Access	1,208	639	601	1,240	2,448
Supplies and Maintenance	54	645	131	776	830
Miscellaneous	-	539	-	539	539
Website	-	386	-	386	386
Travel	1,833	-	139	139	1,972
Depreciation	-	4,494	-	4,494	4,494
Total Expense	<u>\$ 657,506</u>	<u>\$ 153,190</u>	<u>\$ 80,480</u>	<u>\$ 233,670</u>	<u>\$ 891,176</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

EXHIBIT D

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 165,420	\$ 175,191
Prepaid Expenses	3,547	4,717
Total Current Assets	<u>168,967</u>	<u>179,908</u>
Investments	690,450	659,391
Lease Deposit	1,100	4,100
Property and Equipment - Net	-	<u>2,050</u>
TOTAL ASSETS	<u>\$ 860,517</u>	<u>\$ 845,449</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 7,689	\$ 10,634
Total Current Liabilities	<u>7,689</u>	<u>10,634</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	83,761	84,020
Board Designated	<u>651,400</u>	<u>650,599</u>
Total Net Assets without Donor Restrictions	<u>735,161</u>	<u>734,619</u>
With Donor Restrictions	<u>117,667</u>	<u>100,196</u>
Total Net Assets	<u>852,828</u>	<u>834,815</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 860,517</u>	<u>\$ 845,449</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

EXHIBIT E

	2021	2020
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 18,013	\$ 30,031
Total Adjustments	6,815	5,166
Net Cash Provided by Operating Activities	24,828	35,197
Cash Flows from Investing Activities:		
Purchase of Investments	(963,794)	(1,222,634)
Proceeds from Sale of Investments	929,195	1,109,515
Net Cash (Used) by Investing Activities	(34,599)	(113,119)
Cash Flows from Financing Activities:		
None	-	-
Net (Decrease) in Cash	(9,771)	(77,922)
Cash and Cash Equivalents - Beginning of Year	175,191	253,113
Cash and Cash Equivalents - End of Year	\$ 165,420	\$ 175,191

The accompanying Notes to Financial Statements
are an integral part of these statements.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies

Organizational Purpose

Lutheran Partners in Global Ministry, Inc. (the Organization) is organized as a Minnesota non-profit corporation to engage individuals and communities in transformational partnerships across the globe; to increase access to education for children in developing countries; to economically empower women and children; to raise the level of awareness of mission within congregations through education, travel and engagement; to raise funds, supply needs, encourage, stimulate and inspire stewardship for mission. The Organization currently supports programs in the Central African Republic, Guatemala, India and Tanzania.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a Mission Development Fund.

Net Assets with Donor Restrictions – Net assets subject to donor- imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

The Organization carries its investments at fair market value.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

All major expenditures for property and equipment over \$500 are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Grants Receivable

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990).

Use of 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based on the best estimates of management.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through April 23, 2022, which is the date financial statements were available to be issued.

2. Financial Instruments

Significant Concentrations of Credit Risk

The Organization receives grants and contributions primarily from Minnesota residents and institutions.

3. Contingencies and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there are still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, the Organization expects this matter may impact its future operating results, but reasonable estimates cannot be made at this time.

4. Property and Equipment

The Organization owned the following as of:

	<u>December 31,</u>		Estimated
	<u>2021</u>	<u>2020</u>	<u>Useful Lives</u>
Equipment	\$ 30,768	\$ 31,568	3-7 years
Leasehold Improvements	-	14,219	Lease-term
	<u>30,768</u>	<u>45,787</u>	
Less Accumulated Depreciation	<u>30,768</u>	<u>43,727</u>	
	<u>\$ -</u>	<u>\$ 2,050</u>	

Depreciation expense of \$2,050 and \$4,494 was recorded for the years ended December 31, 2021 and 2020, respectively.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

5. Investments

The Organization held the following investments as of:

	December 31,			
	2021		2020	
	Cost	Market Value	Cost	Market Value
Corporate Bonds	\$ 353,714	\$ 346,720	\$ 231,139	\$ 227,578
Money Market Funds	343,730	343,730	431,813	431,813
	\$ 697,444	\$ 690,450	\$ 662,952	\$ 659,391

Investment income was as follows as of:

	December 31,	
	2021	2020
Interest and Dividends	\$ 19,049	\$ 17,908
Unrealized Gain (Loss)	(12,775)	1,809
Realized (Loss)	(9,236)	(13,942)
	\$ (2,962)	\$ 5,775

6. Leased Facilities

Rental commitments under a noncancelable lease for office space in effect at December 31, 2021, total \$20,600. The future annual rental commitments are as follows:

<u>Due in the Year Ending December 31,</u>	
2022	\$ 13,700
2023	<u>6,900</u>
Total	<u>\$ 20,600</u>

Rental expense was \$14,755 and \$43,616 for the years ended December 31, 2021 and 2020, respectively.

7. Retirement Plan

The Organization provides retirement benefits to its employees through a SIMPLE IRA plan covering all eligible employees. The Organization contributes matches up to three percent of gross wages. Contributions to the plan during the years ended December 31, 2021 and 2020, were \$7,987 and \$7,271, respectively.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

8. Fair Value

The Organization adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 343,730	\$ -	\$ -	\$ 343,730
Corporate Bonds	346,720	-	-	346,720
Total	<u>\$ 690,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 690,450</u>

The following is a summary of the inputs used to determine the fair value of the investments at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 431,813	\$ -	\$ -	\$ 431,813
Corporate Bonds	227,578	-	-	227,578
Total	<u>\$ 659,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 659,391</u>

9. In-kind Contributions

The Organization values in-kind contributions at fair market value at date of donation. In-kind contributions were as follows as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Services	<u>\$ 42,480</u>	<u>\$ 45,172</u>

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

10. Donor Restricted and Board Designated Net Assets

Board designated net assets consisted of amounts for the following as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Mission Development Fund	<u>\$ 651,400</u>	<u>\$ 650,599</u>

Net assets with donor restrictions consisted of amounts for the following as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
India Program	\$ 81,943	\$ 59,714
Transformational Travel	14,913	12,813
Central African Republic Program	11,306	1,184
Tanzania Program	7,923	26,485
South Sudan Program	1,582	-
	<u>\$ 117,667</u>	<u>\$ 100,196</u>

11. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities were as follows as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Depreciation	\$ 2,050	\$ 4,494
Loss on Disposal of Assets	-	1,568
Realized Loss (Gain) on Sale of Investments	(9,235)	13,942
Unrealized Loss (Gain) on Investments	12,775	(1,809)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(2,945)	(2,858)
Covenant Liability	-	(25,000)
Decreases (Increases) in Current Assets:		
Lease Deposit	3,000	-
Prepaid Expenses	1,170	14,829
Total Adjustments	<u>\$ 6,815</u>	<u>\$ 5,166</u>

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

12. Liquidity and Availability

The following represents the Organization's financial assets as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 165,420	\$ 175,191
Less assets not available to be used within one year:		
Net Assets with Donor Restrictions	117,667	100,196
Net Assets with Restrictions to be met within a year	<u>(117,667)</u>	<u>(100,196)</u>
Total assets not available to be used within one year	<u>-</u>	<u>-</u>
Financial assets available for general expenditures within one year	<u>\$ 165,420</u>	<u>\$ 175,191</u>

The Organization does not consider their investments to be a financial asset available for use within one year because it is intended to be held for long-term purposes. If liquidity needs required, the Organization could use the investment funds.

The amount recorded as net assets with donor restrictions are not subtracted from financial assets available for general expenditures within one year because they are restricted for purposes that are met during the normal operation of the Organization within one year.

As part of the Organization's liquidity policy, they invest excess cash into an interest bearing money market savings account.