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EVERY VILLAGE  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

May 10, 2017

To the Board of Directors  
EVERY VILLAGE  
Houston, Texas

We have audited the accompanying financial statements of EVERY VILLAGE (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and 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.

**Auditor's 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 the 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 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 EVERY VILLAGE as of December 31, 2016, 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.

EEPB, P.C.

Houston, Texas

EVERY VILLAGE  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS

Cash	\$ 1,576,875
Pledges receivable	180,290
Prepaid expenses and other current assets	<u>107,861</u>

TOTAL CURRENT ASSETS	<u>1,865,026</u>
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NONCURRENT ASSETS

Property and equipment, net	366,173
Security deposits	<u>7,175</u>

TOTAL NONCURRENT ASSETS	<u>373,348</u>
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TOTAL ASSETS	<u><u>\$ 2,238,374</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 27,890
Accrued liabilities	<u>177,755</u>

TOTAL CURRENT LIABILITIES	<u>205,645</u>
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NET ASSETS

Unrestricted	778,775
Temporarily restricted	<u>1,253,954</u>

TOTAL NET ASSETS	<u>2,032,729</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,238,374</u></u>
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The accompanying notes are an integral part of these financial statements.

EVERY VILLAGE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE:			
Contributions	\$ 900,920	\$ 1,373,418	\$ 2,274,338
Non cash contribution	77,560		77,560
Other income	4,511	-	4,511
	<u>982,991</u>	<u>1,373,418</u>	<u>2,356,409</u>
TOTAL REVENUE	982,991	1,373,418	2,356,409
Net assets released from restrictions			
Program expenditures	<u>1,354,017</u>	<u>(1,354,017)</u>	<u>-</u>
Total	<u>2,337,008</u>	<u>19,401</u>	<u>2,356,409</u>
EXPENSES			
Program services			
Water wells	472,348		472,348
Missionary programs	409,944		409,944
Radio programs	396,705		396,705
Mission trips	80,242		80,242
Other program expenses	64,779		64,779
	<u>1,424,018</u>	<u>-</u>	<u>1,424,018</u>
Total program services	1,424,018		1,424,018
Management and general	<u>281,320</u>	<u>-</u>	<u>281,320</u>
Fundraising	<u>379,218</u>	<u>-</u>	<u>379,218</u>
TOTAL EXPENSES	<u>2,084,556</u>	<u>-</u>	<u>2,084,556</u>
CHANGE IN NET ASSETS BEFORE FOREIGN CURRENCY TRANSLATION ADJUSTMENT	252,452	19,401	271,853
FOREIGN CURRENCY TRANSLATION ADJUSTMENT	<u>(80)</u>	<u>-</u>	<u>(80)</u>
CHANGE IN NET ASSETS	252,372	19,401	271,773
NET ASSETS, BEGINNING OF YEAR	<u>526,403</u>	<u>1,234,553</u>	<u>1,760,956</u>
NET ASSETS, END OF YEAR	<u>\$ 778,775</u>	<u>\$ 1,253,954</u>	<u>\$ 2,032,729</u>

The accompanying notes are an integral  
part of these financial statements.

EVERY VILLAGE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Water Wells</u>	<u>Missionary Programs</u>	<u>Radio Programs</u>	<u>Mission Trips</u>	<u>Other Program Expenses</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related benefits	\$ 54,996	\$ 216,756	\$ 138,102	\$ 9,348	\$ 37,249	\$ 456,451	\$ 149,232	\$ 135,378	\$ 741,061
Travel, meals and lodging	2,580	127,641	80,579	67,023	1,432	279,255	499	15,600	295,354
Promotion	-	-	-	-	-	-	-	169,123	169,123
Materials and supplies	1,743	5,653	84,538	1,732	4,302	97,968	2,757	2,303	103,028
Construction expenses	401,006	1,781	-	-	-	402,787	-	-	402,787
Payroll taxes	2,758	11,835	10,121	690	1,284	26,688	8,874	8,109	43,671
Licenses and fees	52	1,809	10,644	105	3,258	15,868	37,272	872	54,012
Occupancy	2,282	2,076	-	572	5,166	10,096	8,790	9,182	28,068
Contract labor	3,777	10,754	34,249	150	3,811	52,741	3,915	2,628	59,284
Equipment, Software and Furniture	-	734	803	-	585	2,122	15,034	2,519	19,675
Postage and shipping	-	171	12,375	219	-	12,765	755	1,648	15,168
Professional fees	-	-	-	-	-	-	34,351	-	34,351
Printing and publication	75	-	253	106	177	611	-	29,789	30,400
Telephone and internet	289	3,436	3,633	106	2,296	9,760	964	1,008	11,732
Insurance	-	4,576	1,164	-	26	5,766	6,415	-	12,181
Miscellaneous	1,953	437	911	191	1,823	5,315	398	671	6,384
Repairs and maintenance	619	5,790	3,435	-	1,504	11,348	-	-	11,348
Depreciation	200	13,516	13,864	-	1,421	29,001	9,171	336	38,508
Other expenses	18	2,979	2,034	-	445	5,476	2,893	52	8,421
<b>Total expenses</b>	<b>\$ 472,348</b>	<b>\$ 409,944</b>	<b>\$ 396,705</b>	<b>\$ 80,242</b>	<b>\$ 64,779</b>	<b>\$ 1,424,018</b>	<b>\$ 281,320</b>	<b>\$ 379,218</b>	<b>\$ 2,084,556</b>

The accompanying notes are an integral  
part of these financial statements.

EVERY VILLAGE  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets before foreign currency translation adjustment	\$ 271,853
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Non-cash contribution of property and equipment	(77,560)
Depreciation	38,508
Effect of exchange rate changes on cash	(80)
Changes in working capital:	
(Increase) decrease in pledges receivable	(160,651)
(Increase) decrease in security deposits	(7,175)
(Increase) decrease in prepaid expenses and other current assets	(88,471)
Increase (decrease) in accounts payable	13,416
Increase (decrease) in accrued liabilities	<u>167,239</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>157,079</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(73,883)
Proceeds from disposal of property and equipment	<u>1,621</u>
 NET CASH USED IN INVESTING ACTIVITIES	 <u>(72,262)</u>
 NET CASH USED IN FINANCING ACTIVITIES	 <u>-</u>
 NET INCREASE IN CASH	 84,817
 CASH, BEGINNING OF YEAR	 <u>1,492,058</u>
 CASH, END OF YEAR	 <u>\$ 1,576,875</u>
 INTEREST PAID	 <u>\$ -</u>

The accompanying notes are an integral  
part of these financial statements.



EVERY VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Every Village exists to bring glory to God through the transformation of every village in South Sudan by the spread of the gospel and community development. Every Village joins with the South Sudanese in bringing holistic transformation to every village throughout the nation using a four-step process of ministry:

- Trips: Short-term teams go into new areas of South Sudan—initiating relationships, providing community training, and completing survey work.
- Water: Implementing clean water wells helps meet one of the greatest felt needs in South Sudan and deepens Every Village's credibility with communities.
- Missionaries: Long-term missionaries empower South Sudanese to be leaders in a church planting movement, engaging them with training and discipleship.
- Radio: Radio broadcasting supports the work of long-term missionaries, transmitting the gospel and community development teaching through solar-powered, hand-held radios distributed in local communities.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Functional Currency

Monetary assets and liabilities of the Organization denominated in currencies other than the United States dollar (its functional currency), are translated into United States dollars at exchange rates in effect at the balance sheet date each month. The resulting exchange gains or losses are included in the statement of activities. Monetary transactions are translated at average rates on a monthly basis.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Federal information returns are filed annually. The Organization is subject to routine examinations of its returns; however, there are no examinations for any tax periods currently in progress.

EVERY VILLAGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Net Asset Classification

The Organization has adopted ASC 958-210-45, “*Financial Statements of Not-for-Profit Organizations*.” Under ASC 958-210-45, the Organization is required to report information regarding its financial position and activities according to the following classes of net assets:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations and are available for general obligations of the Organization.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.
- *Permanently restricted net assets* include contributions permanently restricted by the donor and cannot be used by the Organization. There were no permanently restricted net assets at December 31, 2016.

Contributions

The Organization has adopted ASC 958-605-45, “*Accounting for Contributions Received and Contributions Made*”. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributed Services

During the year ended December 31, 2016, the value of contributed services meeting the requirements for recognition in the financial statements was \$3,915, which was for accounting services contributed on a monthly basis. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Fixed Assets

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a particular purpose. Property and equipment purchases over \$500 are capitalized. Water wells drilled are expensed as drilled as

EVERY VILLAGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

these wells, once completed and functioning, are handed over to the community to own.

Depreciation is computed using the straight line method, using a half-year convention, over the estimated useful lives of 2 to 40 years.

Compensated Absences

Employees of the Organization are entitled to paid vacation depending on job classification, length of service and other factors. The Organization's practice is to recognize the costs of compensated absences when paid to employees.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

New Accounting Pronouncements

The Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, Not-for-Profit Entities, in August 2016. ASU 2016-14 requires the presentation of only two classes of net assets at the end of the period, net assets with donor restrictions and net assets without donor restrictions, rather than the currently required three classes. A non-profit entity is also required to provide additional disclosures that are more useful information to donors. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Organization will implement the provisions of ASU 2016-14 as of January 1, 2018. The Organization has not yet determined the impact of the new standard.

NOTE 2 – PLEDGES RECEIVABLE

At December 31, 2016, pledges receivable are current and are expected to be collected in less than one year. The balance of pledge receivables as of December 31, 2016 was \$180,290.

EVERY VILLAGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Building and Improvements	\$ 157,472
Machinery and Equipment	112,386
Furniture and Fixtures	78,909
Computer Equipment and Software	40,744
Radio Towers	13,430
Vehicles	8,217
Construction in Progress	<u>4,456</u>
Total property and equipment, at cost	415,614
Accumulated depreciation	<u>(49,441)</u>
Property and equipment, net	<u><u>\$ 366,173</u></u>

NOTE 4 – LEASES

The Organization leases office space and storage facilities locally and housing at its international locations. The following represents future minimum rental payments under non-cancelable operating leases for the period ended December 31, 2016.

2017	\$ 52,336
2018	53,482
2019	51,810
2020	56,520
2021	58,404
Thereafter	<u>9,734</u>
Total	<u><u>\$ 282,286</u></u>

Total rent expense for occupancy leases for the year ended December 31, 2016 was \$28,068.

NOTE 5 – FOREIGN OPERATIONS

The Organization provides spiritual and community development training to the South Sudanese. The regions served in South Sudan are Bahr-el-Ghazal, Greater Upper Nile, and Equatoria. Because of the volatile state of these areas, it is at least reasonably possible that war or other disruptive activities could affect the financial statements in the near future.

EVERY VILLAGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – UNCERTAIN TAX POSITIONS

As discussed in Note 1, the Organization is exempt from income taxes. The Organization has evaluated whether it has any uncertain tax provisions as of December 31, 2016 and determined that it does not and does not expect this to change significantly over the next twelve months. The Organization will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2016, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization remains subject to income tax examinations for tax years 2013 and beyond.

NOTE 7 – RETIREMENT PLAN

The Organization established a 403(b) defined contribution plan (the Plan) for eligible employees in 2015. Employees are eligible to contribute to the Plan on their dates of hire. Employees who complete one year of service with 1,000 hours during the year are eligible for employer contributions. All employees who were employed by the Organization on January 1, 2015 were granted immediate eligibility for employer contributions. The Organization matches employee contributions by 50% up to 6% of the employee's salary. Employee and employer contributions are fully vested at all times. The Organization contributed \$7,620 to the Plan in 2016.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 10, 2017, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.