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EVERY VILLAGE  
FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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## CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITORS' REPORT .....	3-4
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION.....	5
STATEMENT OF ACTIVITIES .....	6
STATEMENT OF FUNCTIONAL EXPENSES .....	7
STATEMENT OF CASH FLOWS .....	8
NOTES TO FINANCIAL STATEMENTS .....	9-12

INDEPENDENT AUDITORS' REPORT

May 12, 2014

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, 2013, 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, 2013, 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

EEPB, P.C.

Houston, Texas

EVERY VILLAGE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2013

ASSETS

CURRENT ASSETS

Cash	\$	755,352
Pledges receivable		20,000
Prepaid expenses and other current assets		38,889

TOTAL CURRENT ASSETS		814,241
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TOTAL ASSETS	\$	814,241
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	24,421
Accrued liabilities		738

TOTAL CURRENT LIABILITIES		25,159
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NET ASSETS

Unrestricted		239,181
Temporarily restricted		549,901

TOTAL NET ASSETS		789,082
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TOTAL LIABILITIES AND NET ASSETS	\$	814,241
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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, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE:			
Contributions	\$ 637,476	\$ 999,421	\$ 1,636,897
Other income	18,342	-	18,342
TOTAL REVENUE	655,818	999,421	1,655,239
Net assets released from restrictions			
Program expenditures	1,017,328	(1,017,328)	-
Total	1,673,146	(17,907)	1,655,239
EXPENSES			
Program services			
Missionary programs	837,891	-	837,891
Water wells	166,029	-	166,029
Radio programs	157,268	-	157,268
Mission trips	123,970	-	123,970
Other program expenses	1,051	-	1,051
Total program services	1,286,209	-	1,286,209
Management and general	126,020	-	126,020
Fundraising	228,955	-	228,955
TOTAL EXPENSES	1,641,184	-	1,641,184
CHANGE IN NET ASSETS BEFORE FOREIGN CURRENCY TRANSLATION ADJUSTMENT	31,962	(17,907)	14,055
FOREIGN CURRENCY TRANSLATION ADJUSTMENT	847	-	847
CHANGE IN NET ASSETS	32,809	(17,907)	14,902
NET ASSETS, BEGINNING OF YEAR	206,372	567,808	774,180
NET ASSETS, END OF YEAR	\$ 239,181	\$ 549,901	\$ 789,082

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

EVERY VILLAGE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2013

	Missionary Programs	Water Wells	Radio Programs	Mission Trips	Other Program Expenses	Total Program Services	Management and General	Fundraising	Total
Salaries and related benefits	\$ 348,382	\$ 21,460	\$ 42,781	\$ 19,350	\$ -	\$ 431,973	\$ 74,626	\$ 88,263	\$ 594,862
Construction expenses	326,430	138,200	-	-	-	464,630	-	-	464,630
Travel, meals and lodging	96,704	98	32,956	99,225	-	228,983	428	6,326	235,737
Promotion	-	-	-	-	-	-	-	110,889	110,889
Materials and supplies	9,064	4,089	22,427	2,418	-	37,998	1,273	1,501	40,772
Payroll taxes	25,758	1,097	2,420	1,221	-	30,496	3,500	6,336	40,332
Licenses and fees	1,700	93	10,696	44	-	12,533	18,706	-	31,239
Postage and shipping	131	20	26,365	105	-	26,621	1,183	2,220	30,024
Contract labor	17,058	-	4,729	118	-	21,905	4,270	-	26,175
Occupancy	4,281	581	858	559	-	6,279	2,917	2,954	12,150
Equipment, Software and Furniture	786	-	6,616	-	-	7,402	3,111	15	10,528
Printing and publication	-	-	-	-	-	-	-	9,550	9,550
Professional fees	-	-	-	-	-	-	9,500	-	9,500
Telephone and internet	4,936	298	481	398	-	6,113	500	507	7,120
Repairs and maintenance	996	57	4,470	-	-	5,523	-	-	5,523
Insurance	-	-	-	-	-	-	2,955	-	2,955
Miscellaneous	1,253	-	-	530	-	1,783	582	143	2,508
Other expenses	412	36	2,469	2	1,051	3,970	2,469	251	6,690
<b>Total expenses</b>	<b>\$ 837,891</b>	<b>\$ 166,029</b>	<b>\$ 157,268</b>	<b>\$ 123,970</b>	<b>\$ 1,051</b>	<b>\$ 1,286,209</b>	<b>\$ 126,020</b>	<b>\$ 228,955</b>	<b>\$ 1,641,184</b>

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

EVERY VILLAGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets before foreign currency translation adjustment	\$ 14,055
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Effect of exchange rate changes on cash	847
Changes in working capital:	
(Increase) decrease in pledges receivable	825
(Increase) decrease in prepaids	(27,748)
Increase (decrease) in accounts payable	23,399
Increase (decrease) in accrued liabilities	<u>(20,141)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(8,763)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>-</u>
NET DECREASE IN CASH	(8,763)
CASH, BEGINNING OF YEAR	<u>764,115</u>
CASH, END OF YEAR	<u><u>\$ 755,352</u></u>

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



EVERY VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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. The Organization is no longer subject to examinations of returns for tax years ending before December 31, 2010.

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, 2013.

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, 2013, the value of contributed services meeting the requirements for recognition in the financial statements was \$2,420, 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 except for those that are purchased or constructed in South Sudan which are expensed as incurred as the future life cannot be reasonably estimated (See Note 4). 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.

EVERY VILLAGE  
NOTES TO FINANCIAL STATEMENTS

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

Depreciation is computed using the straight line method over the estimated useful lives of the assets. Equipment is depreciated over five years and buildings over 27.5 - 31.5 years. There was no depreciation expense for the year ended December 31, 2013.

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.

NOTE 2 – PLEDGES RECEIVABLE

At December 31, 2013, pledges receivable are current and are expected to be collected in less than one year. The balance of pledge receivables as of December 31, 2013 was \$20,000

NOTE 3 – LEASES

The Organization currently leases its office space under a lease agreement that expires on December 31, 2016. The Organization entered into an operating lease for the rental of a storage unit. The storage unit lease expires on October 10, 2018. The following represents future minimum rental payments under non-cancelable operating leases for the period ended December 31, 2013.

2014	\$ 30,388
2015	30,388
2016	30,388
2017	708
2018	590
Total	<u>\$ 92,462</u>

Total rent expense for occupancy leases for the year ended December 31, 2013 was \$12,147.

EVERY VILLAGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FOREIGN OPERATIONS

The Organization provides spiritual and community development training to the South Sudanese. The regions served in South Sudan are Bahral-Ghazal, Upper Nile, Western Equatoria, and Eastern 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.

NOTE 5 – 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, 2013 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, 2013, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization remains subject to income tax examinations for tax years 2011 and beyond.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 12, 2014, 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.