

**FOUR CORNERS MINISTRIES, INC.**

Financial Statements and Supplemental Schedule

December 31, 2018

(With Independent Accountant's Compilation Report Thereon)

**FOUR CORNERS MINISTRIES, INC.**

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December 31, 2018

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**BORLAND** | **BENEFIELD**

**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

To the Board of Directors  
Four Corners Ministries, Inc.

Management is responsible for the accompanying financial statements of Four Corners Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*Borland Benefield P.C.*

Auburn, AL  
October 30, 2019

**FOUR CORNERS MINISTRIES, INC.**

Statement of Financial Position  
December 31, 2018

**ASSETS**

Current Assets	
Cash and cash equivalents	\$ 1,273,793
Other receivable	19,253
Inventory	101,440
Prepaid expenses	19,464
Total Current Assets	<u>1,413,950</u>
Fixed Assets	
Buildings and improvements	825,056
Furniture, fixtures and equipment	111,791
Land and improvements	17,431
Vehicles	128,728
Construction in progress	43,060
	<u>1,126,066</u>
Less accumulated depreciation	(227,042)
Total Fixed Assets, net	<u>899,024</u>
Other Assets	
Intangible assets, net	<u>4,288</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,317,262</u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable	15,378
Credit card payable	824
Payroll tax liabilities	1,291
Sales tax payable	4,216
Total Current Liabilities	<u>21,709</u>
Net Assets	
Without donor restriction	1,707,036
With donor restriction	588,517
Total Net Assets	<u>2,295,553</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,317,262</u></b>

See accompanying notes and independent accountant's compilation report.

**FOUR CORNERS MINISTRIES, INC.**

Statement of Activities  
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and Other Support:</b>			
Abaana's Hope	\$ 361,592	\$ 60,043	\$ 421,635
Cornerstone partners	19,885	-	19,885
DHR SEP Subsidy	25,159	-	25,159
Educate Africa	7	393	400
Fundraising	128,133	30,689	158,822
Loss on disposal of assets	(172)	-	(172)
General fund contributions	29,193	-	29,193
Interest income	194	-	194
Intern financial support	-	1,000	1,000
Merchandise and other noncash contributions	412,532	-	412,532
Microbusiness	68,746	-	68,746
Miscellaneous	788	-	788
Missionary financial support	235,577	32,415	267,992
Missions	155,232	40,059	195,291
	<u>1,436,866</u>	<u>164,599</u>	<u>1,601,465</u>
Net Assets Released from Restrictions:	<u>1,177</u>	<u>(1,177)</u>	<u>-</u>
<b>Total Revenues and Other Support</b>	<b>1,438,043</b>	<b>163,422</b>	<b>1,601,465</b>
<b>Expenses:</b>			
Supporting	115,412	-	115,412
Programs	1,052,310	-	1,052,310
Fundraising	28,818	-	28,818
	<u>1,196,540</u>	<u>-</u>	<u>1,196,540</u>
<b>Total Expenses</b>	<b>1,196,540</b>	<b>-</b>	<b>1,196,540</b>
<b>Changes in Net Assets</b>	<b>241,503</b>	<b>163,422</b>	<b>404,925</b>
<b>Net Assets, Beginning of Year</b>	<u>1,465,533</u>	<u>425,095</u>	<u>1,890,628</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 1,707,036</u></u>	<u><u>\$ 588,517</u></u>	<u><u>\$ 2,295,553</u></u>

See accompanying notes and independent accountant's compilation report.

**FOUR CORNERS MINISTRIES, INC.**

Statement of Functional Expenses  
For the Year Ended December 31, 2018

	ABAANA'S HOPE	MISSION TRIPS	THRIFT STORE	OTHER PROGRAMS	TOTAL	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Advertising	\$ 647	\$ -	\$ 3,903	\$ 351	\$ 4,901	\$ 4,777	\$ 1,876	\$ 11,554
Airfare	-	116,085	-	-	116,085	-	-	116,085
Child development program	15,612	-	-	-	15,612	-	-	15,612
Communication	2,492	-	-	2,459	4,951	1,200	-	6,151
Company contributions	3,539	-	-	-	3,539	-	-	3,539
Contract labor	37,525	-	-	-	37,525	-	-	37,525
Cost of goods sold	-	-	35,934	-	35,934	-	-	35,934
Day care	1,091	-	-	-	1,091	-	-	1,091
Donated materials & supplies	863	-	-	-	863	-	-	863
Education and training	449	-	-	225	674	-	-	674
Entertainment	-	-	-	-	-	-	400	400
Equipment expense	-	-	1,691	-	1,691	-	-	1,691
Fees	2,938	-	10,942	11,194	25,074	9,574	719	35,367
Ground transportation	31,817	-	6,239	-	38,056	-	-	38,056
Hospitality	-	-	100	-	100	-	-	100
Information technology	90	-	5,823	1,346	7,259	8,036	-	15,295
Insurance	-	3,076	5,550	-	8,626	2,529	-	11,155
Intern expense	25,248	-	-	-	25,248	-	-	25,248
Livestock	10,054	-	-	-	10,054	-	-	10,054
Living expenses	-	-	-	63,405	63,405	-	-	63,405
Livingstone Community Church	961	-	-	-	961	-	-	961
Lodging	-	14,172	-	-	14,172	-	-	14,172
Meals	-	-	593	117	710	-	-	710
Medical clinic	982	-	-	-	982	-	-	982
Medical expense	364	-	-	-	364	-	-	364
Meetings	174	-	-	-	174	1,122	47	1,343
Microbusiness	37,828	-	-	-	37,828	-	-	37,828
Miscellaneous	-	4,456	989	-	5,445	22	-	5,467
Occupancy	1,793	-	39,733	761	42,287	16,482	11,698	70,467
Office equipment & repair	-	-	-	195	195	105	-	300
Office expense	2,159	-	904	-	3,063	1,637	-	4,700
Outreach	635	-	-	-	635	-	-	635
Pastoral training	4,794	-	-	-	4,794	-	-	4,794
Payroll taxes	902	832	12,602	11,186	25,522	4,499	669	30,690
Postage & shipping	596	44	988	1,160	2,788	1,200	45	4,033
Printing & copying	37	54	-	1,112	1,203	-	8	1,211
Professional fees	10,821	459	-	1,050	12,330	-	459	12,789

See accompanying notes and independent accountant's report.

**FOUR CORNERS MINISTRIES, INC.**

Statement of Functional Expenses  
For the Year Ended December 31, 2018

	ABAANA'S HOPE	MISSION TRIPS	THRIFT STORE	OTHER PROGRAMS	TOTAL	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Repairs & maintenance	10,464	-	2,066	247	12,777	-	-	12,777
School	17,401	-	-	-	17,401	-	-	17,401
Security	480	-	-	-	480	-	-	480
Supplies	23,818	633	2,294	6,138	32,883	-	1,111	33,994
Taxes & licenses	-	-	626	-	626	-	-	626
Travel	1,796	4,545	1,475	30,961	38,777	2,341	3,039	44,157
Salary and Wages	11,789	10,875	164,727	146,225	333,616	58,816	8,747	401,179
Women's refuge	4,495	-	-	-	4,495	-	-	4,495
Total Expenses Before Amortization and Depreciation	264,654	155,231	297,179	278,132	995,196	112,340	28,818	1,136,354
Amortization	-	-	-	-	-	2,858	-	2,858
Depreciation	42,910	-	14,204	-	57,114	214	-	57,328
Total Expenses	<u>\$ 307,564</u>	<u>\$ 155,231</u>	<u>\$ 311,383</u>	<u>\$ 278,132</u>	<u>\$ 1,052,310</u>	<u>\$ 115,412</u>	<u>\$ 28,818</u>	<u>\$ 1,196,540</u>

See accompanying notes and independent accountant's report.

**FOUR CORNERS MINISTRIES, INC.**

Statement of Cash Flows  
For the Year Ended December 31, 2018

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<b>Cash flows from operating activities</b>	
Increase in Net Assets	\$ 404,925
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	57,328
Amortization	2,858
Loss (gain) on disposal of equipment	(381)
(Increase) decrease in other current assets	(18,405)
(Increase) decrease in inventories	(30,339)
(Increase) decrease in prepaid expenses	504
Increase (decrease) in accounts payable	3,642
Increase (decrease) in credit card payable	(1,867)
Increase (decrease) in payroll tax liabilities	(1,263)
Increase (decrease) in sales tax payable	(56)
	<hr/>
<b>Net cash provided by operating activities</b>	<b>416,946</b>
	<hr/>
<b>Cash provided (used) by investing activities:</b>	
Purchase of property and equipment	(35,323)
Payment of construction in progress	(18,514)
Proceeds from sale of property and equipment	2,216
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<b>Net cash used by investing activities</b>	<b>(51,621)</b>
	<hr/>
<b>Net increase in cash</b>	<b>365,325</b>
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<b>Cash at beginning of year</b>	<b>908,468</b>
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<b>Cash at end of year</b>	<b>\$ 1,273,793</b>
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See accompanying notes and independent accountant's compilation report.



## FOUR CORNERS MINISTRIES, INC.

Notes to Financial Statements  
For the Year Ended December 31, 2018

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### Note 1 – Nature of Activities

Four corners Ministries, Inc. (“the Organization”) is a nonprofit organization established in 2003. Its mission is to communicate and demonstrate the gospel of Jesus Christ to unreached and under equipped people groups and is funded through private donations. The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

### Note 2 - Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial statement presentation – The Organization reports 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. In addition, the Organization is required to present a statement of functional expenses, and cash flows. At December 31, 2018, net assets consist of the following:

*Net Assets without donor restrictions* are those currently available for use in the Organization under the direction of the Board, those designed for specific uses, and those resources invested in land, buildings and equipment.

*Net Assets with donor restrictions* represent gifts of cash and other assets restricted by donor imposed stipulations that limit the use of the donated assets.

Cash and cash equivalents – The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Restricted cash and cash equivalents are related to funds raised by the various programs of the Organization to fund their respective activities.

Use of 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 and disclosures or contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income taxes – The Organization is a nonprofit agency exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3), except to the extent it has taxable income from businesses that are not related to its exempt purpose. No income taxes resulted from unrelated business income for 2018. The Organization has been designated as an organization which is not a private foundation. This code section enables the Organization to accept donations that qualify as charitable contributions to the donors.

The Organization has implemented the provisions of FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. As of December 31, 2018, the Organization had no uncertain tax positions that qualify for disclosure in the financial statements. The Organization files an annual Form 990 with the Internal Revenue Service, and its tax return for the year 2015 and subsequent years remain subject to examination by tax authorities.

Adoption of New Accounting Standards – On August 18, 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization adopted the provisions of this standard for the period as of and ending December 31, 2018. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in the financial statements and notes about liquidity, financial performance and cash flows. In addition, the guidance requires that expenses be reported by both their natural and functional classification.

## FOUR CORNERS MINISTRIES, INC.

Notes to Financial Statements  
For the Year Ended December 31, 2018

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### Note 2 – Summary of Significant Accounting Policies (continued)

Recent Pronouncement – In February 2016, the Financial Accounting Standards Board (“FASB” or “the Board”) issued a new leasing standard in ASU 2016-02 (“Topic 842” or “the new standard”) for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use (“ROU”) assets and related lease liabilities on the balance sheet for all arrangements with terms longer than 12 months. The pattern of expense recognition in the income statement will depend on a lease’s classification. The provisions of this update are effective for fiscal years beginning after December 15, 2019. Management is evaluating the new account pronouncements and its applicability to the Organization.

In May 2014, The Financial Accounting Standards Board (“FASB” or “the Board”) issued a new revenue recognition standard in ASU 2014-09 (“Topic 606”). ASC 606 provides accounting guidance related to revenue from contracts with customers. The guidance applies to all entities and to all contracts with customers, with exceptions. The provision of this update is effective for fiscal years beginning after December 15, 2018. Management is evaluating the new accounting pronouncements and its applicability to the Organization.

Contributions – Contributions are recognized when the donor makes and unconditional commitment to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions and transferred to net assets without donor restrictions when the restriction expires, or the condition is met.

Contributed Services – During 2018, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Inventories – Inventories, which consist of a variety of donated items for the Thrift Stores, are recorded at estimated fair value at the date of donation.

Functional expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated based on the programs and supporting services directly benefited.

Property and Equipment – Purchased property and equipment is capitalized at cost, with the exception of donated property and equipment, which is recorded at fair market value at the date of donation. In absence of donor stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is calculated using the straight-line method over each asset’s estimated useful life of 5 to 39 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized. Routine repairs and maintenance are expensed as incurred; significant renewals and betterment are capitalized. Depreciation expense for the year ended December 31, 2018 totaled \$57,132.

Advertising – The Organization expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2018 was \$11,555.

### Note 3 – Liquidity and Available Resources

Available Resources - For purposes of analyzing resources available to meet general expenditures over a 12-month period, the organization considers all expenditures related to its programs which are ongoing, major, and central to its annual operations as well as the conduct of services undertaken to support those activities to be general expenditures. The organization receives significant contributions restricted by donors, and considers contributions restricted to its programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

## FOUR CORNERS MINISTRIES, INC.

Notes to Financial Statements  
For the Year Ended December 31, 2018

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### Note 3 – Liquidity and Available Resources (continued)

Financial assets at December 31, 2018	
Cash and cash equivalents	\$ 1,273,793
Other receivable	19,253
Inventory	101,440
Prepaid Expense	19,464
Total financial assets at December 31, 2018	<u>1,413,950</u>
Less amounts not available to be used within one year:	
Restricted by donors for future capital projects	<u>(17,236)</u>
Net financial assets after donor imposed restrictions	<u>1,396,714</u>
Less internal designations:	
Board designated reserves	(133,808)
Board designated thrift store project funds	(5,000)
Total internal designations	<u>(138,808)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,257,906</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The organization has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 3 to 6 months of expected expenditures. To achieve these targets, the organization forecasts its future cash flows and monitors its liquidity and reserves throughout the year. Those amounts are identified as board designated reserves in the above table. The funds remain available and may be spent at the discretion of the board.

### Note 4 – Concentration of Credit Risk

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during the year, the Organization's deposits exceeded the federally insured limits. Management monitors the credit risk associated with these deposits and believes the risk is minimal.

### Note 5 – Current Vulnerability Due to Certain Circumstances

The Organization operates Abaana's Hope, a community project, in North Uganda. The operation of Abaana's Hope is subject to the administrative directives, rules and regulations of the foreign government in which it operates. Such directives, rules and regulations are subject to change which might occur with little or no notice or adequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

## FOUR CORNERS MINISTRIES, INC.

Notes to Financial Statements  
For the Year Ended December 31, 2018

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### Note 6 – Net Assets

The detail of the Organization's net asset categories at December 31, 2018 is as follows:

Without donor restrictions:	
Designated for Abaana's Hope reserve	\$ 73,808
Designated for Operating reserve	60,000
Designated for Thrift Store future site	5,000
	<hr/>
	138,808
Undesignated	1,568,228
Total Net Assets without donor restrictions	<hr/>
	1,707,036
With donor restrictions:	
Abaana's Hope	284,843
Educate Africa	788
Interns	1,000
Missionary support	301,472
Missions	414
Total Net Assets with donor restrictions	<hr/>
	588,517
Total Net Assets	<hr/>
	\$ 2,295,553

### Note 7 – Major Programs

Mission Trips and Internships – The Organization facilitates trips and internships to Uganda to provide emergency relief, leadership development and to share the love that comes from a relationship with Jesus Christ. Team members participate in mobile medical clinics, construction, food distribution, education training and evangelism.

Abaana's Hope – In 2010, The Organization launched Abaana's Hope (Abaana is an African word that means children) a comprehensive community development initiative in Northern Uganda. Through its church, child development program, school, women's refuge, Life Beads ministry, medical clinic, farm, and refugee camp outreach programs, men, women and children are taught about the love of Jesus Christ and core values of integrity, spiritual growth, teamwork and servant leadership. Revenues and expenses for Abaana's Hope are reported on the statement of activities and the statement of functional expenses.

Missionary Financial Support – The Organization, through the support of donors, offers direct assistance to missionaries on the ground in Uganda.

Thrift Store – During 2018, the Organization owned and operated two thrift stores in Roanoke and Talladega, Alabama. The thrift stores sell donated items to the general public with the proceeds benefiting the mission of the Organization. Proceeds from the thrift store are reported on the statement of activities as merchandise sales and other noncash contributions. Expenses of the thrift stores are detailed on the statement of functional expenses.

### Note 8 – Subsequent Events

The Organization has evaluated subsequent events from the statement of financial position date through October 30, 2019, the date the financial statements were available to be issued, and determined there are no events to disclose.

See independent accountant's compilation report.