

**Lutheran Partners in Global Ministry, Inc.**  
Minneapolis, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
December 31, 2020 and 2019



**CERTIFIED PUBLIC ACCOUNTANTS**

## CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1
EXHIBIT A:        Statements of Activities and Changes in Net Assets – For the Years Ended December 31, 2020 and 2019 .....	2
EXHIBIT B:        Statement of Functional Expense – For the Year Ended December 31, 2020 with Comparative Totals for 2019 .....	3
EXHIBIT C:        Statement of Functional Expense – For the Year Ended December 31, 2019 .....	4
EXHIBIT D:        Statements of Financial Position – December 31, 2020 and 2019 .....	5
EXHIBIT E:        Statements of Cash Flows – For the Years Ended December 31, 2020 and 2019 .....	6
NOTES TO FINANCIAL STATEMENTS .....	7-14



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### Independent Auditor's Report

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

We have audited the accompanying financial statements of Lutheran Partners in Global Ministry, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expense, 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 audits 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 Lutheran Partners in Global Ministry, Inc. as of December 31, 2020 and 2019, 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.

*Carpenter Evert and Associates, LTD.*  
Certified Public Accountants

Minneapolis, Minnesota  
April 22, 2021

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Grants and Donations	\$ 384,426	\$ 532,574	\$ 917,000	\$ 326,747	\$ 570,630	\$ 897,377
Investment Income	5,775	-	5,775	23,430	-	23,430
Loss on Disposal of Assets	(1,568)	-	(1,568)	-	-	-
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	586,563	(586,563)	-	569,100	(569,100)	-
Total Support and Revenue	975,196	(53,989)	921,207	919,277	1,530	920,807
<b>Expense:</b>						
Program Services	657,506	-	657,506	697,004	-	697,004
Support Services:						
Management and General	153,190	-	153,190	114,992	-	114,992
Fundraising	80,480	-	80,480	146,160	-	146,160
Total Support Services	233,670	-	233,670	261,152	-	261,152
Total Expense	891,176	-	891,176	958,156	-	958,156
Change in Net Assets	84,020	(53,989)	30,031	(38,879)	1,530	(37,349)
Net Assets - Beginning of Year	650,599	154,185	804,784	689,478	152,655	842,133
Net Assets - End of Year	\$ 734,619	\$ 100,196	\$ 834,815	\$ 650,599	\$ 154,185	\$ 804,784

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, 2020  
WITH COMPARATIVE TOTALS FOR 2019

EXHIBIT B

	2020			2019		
	Program Services	Support Services		Total All Services	Total All Services	
Management & General		Fund- raising	Total Support Services			
Salaries	\$ 128,243	\$ 62,619	\$ 55,342	\$ 117,961	\$ 246,204	\$ 270,053
Payroll Taxes	9,234	4,511	3,967	8,478	17,712	19,293
Employee Benefits	8,513	3,150	8,288	11,438	19,951	28,883
Total Personnel Expense	<u>145,990</u>	<u>70,280</u>	<u>67,597</u>	<u>137,877</u>	<u>283,867</u>	<u>318,229</u>
Project Expenses	503,665	-	-	-	503,665	525,996
Rent	-	44,366	-	44,366	44,366	43,341
Professional Services	45	13,591	5,246	18,837	18,882	26,514
Printing, Copying and Newsletters	60	5,605	3,980	9,585	9,645	9,296
Postage	605	3,162	2,653	5,815	6,420	5,686
Bank and Credit Card Fees	4,046	1,764	101	1,865	5,911	7,357
Conferences and Meetings	-	4,920	32	4,952	4,952	4,117
Insurance	-	2,799	-	2,799	2,799	2,801
Telephone and Internet Access	1,208	639	601	1,240	2,448	3,468
Travel	1,833	-	139	139	1,972	1,707
Supplies and Maintenance	54	645	131	776	830	2,630
Miscellaneous	-	539	-	539	539	187
Website	-	386	-	386	386	541
Depreciation	-	4,494	-	4,494	4,494	6,286
Total Expense	<u>\$ 657,506</u>	<u>\$ 153,190</u>	<u>\$ 80,480</u>	<u>\$ 233,670</u>	<u>\$ 891,176</u>	<u>\$ 958,156</u>

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, 2019

EXHIBIT C

	<u>Support Services</u>			<u>Total Support Services</u>	<u>Total All Services</u>
	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fund- raising</u>		
Salaries	\$ 112,545	\$ 57,052	\$ 100,456	\$ 157,508	\$ 270,053
Payroll Taxes	8,140	4,040	7,113	11,153	19,293
Employee Benefits	10,753	9,155	8,975	18,130	28,883
Total Personnel Expense	<u>131,438</u>	<u>70,247</u>	<u>116,544</u>	<u>186,791</u>	<u>318,229</u>
Project Expenses	525,996	-	-	-	525,996
Rent	26,005	8,668	8,668	17,336	43,341
Professional Services	1,000	13,773	11,741	25,514	26,514
Printing, Copying and Newsletters	670	5,463	3,163	8,626	9,296
Postage	460	3,762	1,464	5,226	5,686
Bank and Credit Card Fees	4,282	1,781	1,294	3,075	7,357
Conferences and Meetings	280	3,837	-	3,837	4,117
Insurance	-	2,801	-	2,801	2,801
Telephone and Internet Access	1,461	746	1,261	2,007	3,468
Travel	1,455	78	174	252	1,707
Supplies and Maintenance	117	1,921	592	2,513	2,630
Miscellaneous	68	117	2	119	187
Website	-	541	-	541	541
Depreciation	3,772	1,257	1,257	2,514	6,286
Total Expense	<u>\$ 697,004</u>	<u>\$ 114,992</u>	<u>\$ 146,160</u>	<u>\$ 261,152</u>	<u>\$ 958,156</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, 2020 AND 2019

EXHIBIT D

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 175,191	\$ 253,113
Prepaid Expenses	4,717	19,546
Total Current Assets	<u>179,908</u>	<u>272,659</u>
Investments	659,391	560,573
Lease Deposit	4,100	3,000
Property and Equipment - Net	<u>2,050</u>	<u>7,044</u>
TOTAL ASSETS	<u>\$ 845,449</u>	<u>\$ 843,276</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 10,634	\$ 13,492
Covenant Liability	-	25,000
Total Current Liabilities	<u>10,634</u>	<u>38,492</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	84,020	-
Board Designated	<u>650,599</u>	<u>650,599</u>
Total Net Assets without Donor Restrictions	<u>734,619</u>	<u>650,599</u>
With Donor Restrictions	<u>100,196</u>	<u>154,185</u>
Total Net Assets	<u>834,815</u>	<u>804,784</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 845,449</u>	<u>\$ 843,276</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, 2020 AND 2019

EXHIBIT E

	2020	2019
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 30,031	\$ (37,349)
Total Adjustments	5,166	(53,912)
Net Cash Provided (Used) by Operating Activities	35,197	(91,261)
<b>Cash Flows from Investing Activities:</b>		
Purchase of Property and Equipment	-	(620)
Purchase of Investments	(1,222,634)	(750,547)
Proceeds from Sale of Investments	1,109,515	877,184
Net Cash Provided (Used) by Investing Activities	(113,119)	126,017
<b>Cash Flows from Financing Activities:</b>		
None	-	-
Net Increase (Decrease) in Cash	(77,922)	34,756
Cash and Cash Equivalents - Beginning of Year	253,113	218,357
Cash and Cash Equivalents - End of Year	\$ 175,191	\$ 253,113

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, 2020 AND 2019

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 and India.

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.

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.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Contributions

Contributions received are recorded as support with or without donor restrictions, depending upon the existence and/or nature of any donor restriction. All donor-restricted contributions are reported as increases to net assets with donor restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

When there are funds in a restricted programmatic account and the program has either ended or been fully funded, net assets with donor restrictions may be reclassified to another restricted account and/or net assets without donor restrictions, based upon consultation with the donor.

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.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

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.

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 22, 2021, 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 Note

The COVID-19 outbreak all over the world has caused business disruption through both mandated and voluntary suspension of operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, the Organization expects this matter to negatively impact its future operating results, but reasonable estimates cannot be made at this time.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

4. Investments

The Organization held the following investments as of:

	December 31,			
	2020		2019	
	Cost	Market Value	Cost	Market Value
Corporate Bonds	\$ 231,139	\$ 227,578	\$ -	\$ -
Certificates of Deposits	-	-	550,000	554,125
Money Market Funds	<u>431,813</u>	<u>431,813</u>	<u>6,448</u>	<u>6,448</u>
	<u>\$ 662,952</u>	<u>\$ 659,391</u>	<u>\$ 556,448</u>	<u>\$ 560,573</u>

Investment income was as follows as of:

	December 31,	
	2020	2019
Interest and Dividends	\$ 17,908	\$ 15,764
Unrealized Gain (Loss)	1,809	(3,056)
Realized Gain (Loss)	<u>(13,942)</u>	<u>10,722</u>
	<u>\$ 5,775</u>	<u>\$ 23,430</u>

5. Property and Equipment

The Organization owned the following as of:

	December 31,		Estimated Useful Lives
	2020	2019	
Equipment	\$ 31,568	\$ 33,692	3-7 years
Leasehold Improvements	<u>14,219</u>	<u>14,219</u>	Lease-term
	45,787	47,911	
Less Accumulated Depreciation	<u>43,737</u>	<u>40,867</u>	
	<u>\$ 2,050</u>	<u>\$ 7,044</u>	

Depreciation expense of \$4,494 and \$6,286 was recorded for the years ended December 31, 2020 and 2019, respectively.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

6. 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, 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>

The following is a summary of the inputs used to determine the fair value of the investments at December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	6,448	-	-	6,448
Certificate of Deposits	554,125	-	-	554,125
Total	<u>\$ 560,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 560,573</u>

7. Line of Credit

The Organization maintained a liquidity access line-of-credit with Morgan Stanley before they closed its account in July of 2020. The Organization did not pursue another line of credit with their new Charles Schwab account, that opened in November of 2020.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

8. Related Party Transactions

The Organization entered into a covenant with the founders of the Organization. For the year ended December 31, 2017, \$150,000 was recognized as covenant expense. \$-0- is outstanding as a covenant liability as of December 31, 2020.

The covenant requires the founders to refer any contact from donors or partners to the Executive Director of the Organization.

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>2020</u>	<u>2019</u>
Services	<u>\$ 45,172</u>	<u>\$ 45,204</u>

10. Leased Facilities

Rental commitments under a noncancelable lease for office space in effect at December 31, 2020, total \$29,400. The future annual rental commitments are as follows:

<u>Due in the Year Ending December 31,</u>	
2021	\$ 8,800
2022	13,700
2023	<u>6,900</u>
Total	<u>\$ 29,400</u>

Rental expense was \$43,616 and \$43,341 for the years ended December 31, 2020 and 2019, respectively.

11. 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, 2020 and 2019, were \$7,271 and \$7,673, respectively.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

12. Donor Restricted and Board Designated Net Assets

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

	December 31,	
	2020	2019
Mission Development Fund	\$ 650,599	\$ 650,599

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

	December 31,	
	2020	2019
India Project	\$ 59,714	\$ 77,112
Tanzania Project	26,485	23,760
Transformational Travel	12,813	43,756
Central African Republic Project	1,184	6,783
Guatemala Project	-	2,774
	\$ 100,196	\$ 154,185

13. Liquidity and Availability

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

	December 31,	
	2020	2019
Financial Assets:		
Cash and Cash Equivalents	\$ 175,191	\$ 253,113
Less assets not available to be used within one year:		
Net Assets with Donor Restrictions	100,196	154,185
Net Assets with Restrictions to be met within a year	(100,196)	(154,185)
Total assets not available to be used within one year	-	-
Financial assets available for general expenditures within one year	\$ 175,191	\$ 253,113

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.

LUTHERAN PARTNERS IN GLOBAL MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

14. Cash Flow Operating Adjustments

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

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Depreciation	\$ 4,494	\$ 6,286
Loss on Disposal of Assets	1,568	-
Realized Loss (Gain) on Sale of Investments	13,942	(10,722)
Unrealized Loss (Gain) on Investments	(1,809)	3,056
Covenant Liability	-	(25,000)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(2,858)	1,854
Deferred Revenue	-	(2,700)
Covenant Liability	(25,000)	(25,000)
Decreases (Increases) in Current Assets:		
Grants and Contributions Receivable	-	12,000
Prepaid Expenses	<u>14,829</u>	<u>(13,686)</u>
Total Adjustments	<u>\$ 5,166</u>	<u>\$ (53,912)</u>