



BLUESKY GLOBAL MINISTRIES, INC.  
AND AFFILIATE

Consolidated Financial Statements  
With Independent Accountants' Review  
Report

December 31, 2019 and 2018

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
BlueSky Global Ministries, Inc. and Affiliate  
Peachtree City, Georgia

We have reviewed the accompanying consolidated financial statements of BlueSky Global Ministries, Inc. (a nonprofit corporation) and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountants' Responsibility***

Our responsibility is to conduct the review engagements in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountants' Conclusion***

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Lawrenceville, Georgia  
March 22, 2021

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Consolidated Statements of Financial Position

	December 31,	
	<u>2019</u>	<u>2018</u>
ASSETS:		
Cash and cash equivalents	\$ 287,390	\$ 508,608
Prepaid expenses and other assets	30,425	30,425
Property and equipment–net	<u>137,741</u>	<u>130,763</u>
Total Assets	<u>\$ 455,556</u>	<u>\$ 669,796</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	<u>\$ 3,555</u>	<u>\$ 11,464</u>
Net assets:		
Without donor restrictions	296,422	555,545
With donor restrictions	<u>155,579</u>	<u>102,787</u>
	<u>452,001</u>	<u>658,332</u>
Total Liabilities and Net Assets	<u>\$ 455,556</u>	<u>\$ 669,796</u>

See accompanying notes and independent accountants' review report

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Consolidated Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Support:						
Contributions	\$ 288,126	\$ 436,068	\$ 724,194	\$ 433,601	\$ 346,604	\$ 780,205
Noncash contributions	44,733	-	44,733	44,733	-	44,733
	<u>332,859</u>	<u>436,068</u>	<u>768,927</u>	<u>478,334</u>	<u>346,604</u>	<u>824,938</u>
Revenue:						
Program revenue	340,703	-	340,703	243,074	-	243,074
Other income (loss)	6,928	-	6,928	(3,741)	-	(3,741)
	<u>347,631</u>	<u>-</u>	<u>347,631</u>	<u>239,333</u>	<u>-</u>	<u>239,333</u>
Total Support and Revenue	<u>680,490</u>	<u>436,068</u>	<u>1,116,558</u>	<u>717,667</u>	<u>346,604</u>	<u>1,064,271</u>
<b>RECLASSIFICATIONS:</b>						
Satisfaction of purpose restrictions	383,276	(383,276)	-	497,646	(497,646)	-

(continued)

See accompanying notes and independent accountants' review report

## BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

### Consolidated Statements of Activities (continued)

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services	903,037	-	903,037	750,133	-	750,133
Supporting activities:						
General and administrative	298,226	-	298,226	282,783	-	282,783
Fundraising	121,626	-	121,626	70,318	-	70,318
	419,852	-	419,852	353,101	-	353,101
Total Expenses	1,322,889	-	1,322,889	1,103,234	-	1,103,234
Change in Net Assets	(259,123)	52,792	(206,331)	112,079	(151,042)	(38,963)
Net Assets, Beginning of Year	555,545	102,787	658,332	443,466	253,829	697,295
Net Assets, End of Year	\$ 296,422	\$ 155,579	\$ 452,001	\$ 555,545	\$ 102,787	\$ 658,332

See accompanying notes and independent accountants' review report

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Supporting Activities				Total Expenses
	Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Salaries and benefits	\$ 291,205	\$ 176,854	\$ 69,478	\$ 246,332	\$ 537,537
Office and supplies	72,279	5,843	5,120	10,963	83,242
Professional fees	1,054	10,205	-	10,205	11,259
Travel and transportation	83,891	34,660	30,131	64,791	148,682
Dues and subscriptions	24,986	16,209	826	17,035	42,021
Rent and leases	28,867	47,701	-	47,701	76,568
Marketing	9,636	-	8,003	8,003	17,639
Repairs and maintenance	36,869	-	-	-	36,869
Events and activities	29,028	-	5,415	5,415	34,443
Grants to partners	322,569	-	-	-	322,569
Facilities	584	1,487	584	2,071	2,655
Insurance	1,022	2,602	1,022	3,624	4,646
Depreciation	1,047	2,665	1,047	3,712	4,759
	<u>\$ 903,037</u>	<u>\$ 298,226</u>	<u>\$ 121,626</u>	<u>\$ 419,852</u>	<u>\$ 1,322,889</u>
Percentage of total expenses	68%	23%	9%	32%	

See accompanying notes and independent accountants' review report

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Consolidated Statement of Functional Expenses

Year Ended December 31, 2018

	Supporting Activities				Total Expenses
	Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Salaries and benefits	\$ 221,114	\$ 121,752	\$ 47,831	\$ 169,583	\$ 390,697
Office and supplies	38,792	11,487	328	11,815	50,607
Professional fees	7,106	9,816	-	9,816	16,922
Travel and transportation	98,208	21,135	2,003	23,138	121,346
Dues and subscriptions	180,174	39,262	75	39,337	219,511
Rent and leases	87,493	44,733	-	44,733	132,226
Marketing	3,106	-	4,607	4,607	7,713
Repairs and maintenance	45,066	-	-	-	45,066
Events and activities	6,182	-	1,882	1,882	8,064
Grants to partners	49,300	-	-	-	49,300
Facilities	1,065	2,712	1,065	3,777	4,842
Insurance	1,295	3,296	1,295	4,591	5,886
Depreciation	11,232	28,590	11,232	39,822	51,054
	<u>\$ 750,133</u>	<u>\$ 282,783</u>	<u>\$ 70,318</u>	<u>\$ 353,101</u>	<u>\$ 1,103,234</u>
Totals					
Percentage of total expenses	68%	26%	6%	32%	

See accompanying notes and independent accountants' review report



# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Consolidated Statements of Cash Flows

	Year Ended December 31,	
	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (206,331)	\$ (38,963)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,759	51,054
Changes in operating assets and liabilities:		
Accounts payable	<u>(7,909)</u>	<u>11,464</u>
Net Cash Provided (Used) by Operating Activities	<u>(209,481)</u>	<u>23,555</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	<u>(11,737)</u>	<u>(167,017)</u>
Net Change in Cash and Cash Equivalents	(221,218)	(143,462)
Cash and Cash Equivalents, Beginning of Year	<u>508,608</u>	<u>652,070</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 287,390</u></u>	<u><u>\$ 508,608</u></u>

See accompanying notes and independent accountants' review report

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

1. NATURE OF ORGANIZATION:

BlueSky Global Ministries, Inc. (BSG) was incorporated as a nonprofit corporation in the state of Georgia on January 14, 2004. BSG is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. BSG has been classified as a public charity, which is not a private foundation under Section 170(b)(1)(A)(vi) of the Code. The primary source of revenue for BSG is contributions from the general public.

BSG supports Mountain Ministries (MM), an affiliated Kenyan entity, by providing funding, volunteers, and goods and services. The vision of BSG and MM (collectively referred to as the Organization) is to see the multinational community of Nairobi, Kenya, spiritually transformed and equipped to influence the world for God's glory. The Organization pursues this vision by building relationships through adventure using three core platforms: BlueSky Adventures (rock climbing gym and team building), Camp BlueSky, and BlueSky Community (year-round relational ministry).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of BSG and MM. All significant intercompany transactions and balances have been eliminated from the consolidated financial statements.

### USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes petty cash and checking accounts. While occasionally deposits may be in excess of federally insured limits, the Organization has not experienced any losses in such accounts, and management believes that it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2019 and 2018, the Organization's cash balances exceeded federally insured limits by \$0 and \$239,789, respectively.

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization generally capitalizes all property and equipment acquisitions in excess of \$1,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 7 years.

#### CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets:

*Net assets without donor restrictions* are currently available at the discretion of the board for use in operations, designated by the board for other specific projects determined by the board, or invested in property and equipment net of accumulated depreciation.

*Net assets with donor restrictions* are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

All contributions are considered available for use without donor restrictions unless specifically restricted by the donor or subject to other legal restrictions.

#### SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and 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 met.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as reclassifications.

The Organization reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the acquired or donated assets are placed in service.

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

Donated goods (including securities) are recorded at fair value at the date of the gift.

During the years ended December 31, 2019 and 2018, the Organization received 31% and 45%, respectively, of its contribution from five donors. The Organization's operations and program services could be impacted if these donor relationships were to be terminated and could not be replaced by new donors with comparable donations.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Depreciation, insurance, and salaries and benefits are allocated based on an analysis of employee time and effort and the programmatic purpose of the employees incurring the cost.

#### COMPENSATED ABSENCES

For both years ended December 31, 2019 and 2018, no accrual for compensated absences has been made, because the amount could not be reasonably estimated.

#### FOREIGN OPERATIONS

Foreign operations have a functional currency different than the United States dollar. Assets and liabilities are translated into United States dollars using the current exchange rates in effect at the consolidated statement of financial position date, while revenues and expenses are translated at the average exchange rates during the period. Gains and losses resulting from foreign currency transactions are included in other income (loss) in the accompanying consolidated statements of activities.

In connection with its ministry, BSG supports MM, an affiliated Kenyan entity, by providing funding, volunteers, and goods and services. As of December 31, 2019 and 2018, current assets in Kenya, including cash and cash equivalents, and prepaid expenses and other assets totaled \$55,954 and \$59,779 respectively; property and equipment, net of accumulated depreciation, amounted to \$127,943 and \$116,205, respectively; and liabilities in Kenya were \$3,555 and \$11,464, respectively. Total support and revenue received in Kenya, before any eliminations, amounted to \$537,782 and \$467,574 during 2019 and 2018, respectively. Account balances relating to Kenya operations are reflected in the consolidated financial statements in United States dollars.

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### RECENTLY ISSUED ACCOUNTING STANDARDS

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The Organization adopted the provisions of this new standard during the year ended December 31, 2019. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue. Adoption of this standard had no effect on change in net assets or net assets in total.

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Organization adopted the provisions of this new standard during the year ended December 31, 2019. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and the availability of resources (see Note 3), and disclosures related to functional allocation of expenses were expanded (see Note 2).

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to fulfilling its vision as well as the conduct of services undertaken to support those activities to be general expenditures.

	December 31,	
	2019	2018
Financial assets, at year-end and available to meet cash needs for general expenditures within one year:		
Cash and cash equivalents	\$ 287,390	\$ 508,608

As part of the Organizations's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2019, the Organization has \$155,579 in net assets with donor restrictions for staff support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes.

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, consist of:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 340,565	\$ 328,827
Vehicles	117,904	117,904
	<u>458,469</u>	<u>446,731</u>
Less accumulated depreciation	<u>(320,728)</u>	<u>(315,968)</u>
	<u><u>\$ 137,741</u></u>	<u><u>\$ 130,763</u></u>

5. COMMITMENTS AND CONTINGENCIES:

The Organization leases facilities and certain office equipment under non-cancelable operating lease agreements. Rental and lease expenses totaled \$76,568 and \$132,226 for the years ended December 31, 2019 and 2018. Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2019, are as follows:

<u>Years Ending December 31,</u>	<u>Amounts</u>
2020	\$ 41,518
2021	41,518
2022	41,518
2023	<u>13,839</u>
	<u><u>\$ 138,393</u></u>

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

6. SUBSEQUENT EVENTS:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the consolidated financial position and results of the Organization for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve. As part of the response to the impact of COVID-19, the Organization applied for a Paycheck Protection Program (PPP) Loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. The Organization was approved for and received a loan in the amount of \$53,179. The loan bears interest at a fixed rate of 1.00% and is due in April 2022. Based on the provisions included in the CARES Act, the loan agreement provides for loan forgiveness up to the full amount of the loan provided the Organization overcomes (meets) certain loan stipulations.

Subsequent events have been evaluated through March 22, 2021, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.