



BLUESKY GLOBAL MINISTRIES, INC.
AND AFFILIATE

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of BlueSky Global Ministries, Inc. (a nonprofit corporation) and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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 express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BlueSky Global Ministries, Inc. and Affiliate. as of December 31, 2020, and the change in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Consolidated Financial Statements

The December 31, 2019 consolidated financial statements were reviewed by us, and our report thereon, dated March 22, 2020, stated we were not aware of any material modifications that should be made to those consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the consolidated financial statements.

Capin Crouse LLP

Lawrenceville, Georgia
August 13, 2021

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

Consolidated Statements of Financial Position

	December 31,	
	2020	2019
	(Audited)	(Reviewed)
ASSETS:		
Cash and cash equivalents	\$ 418,382	\$ 287,390
Prepaid expenses and other assets	28,930	30,425
Property and equipment—net	55,299	137,741
	<u>502,611</u>	<u>455,556</u>
Total Assets	<u>\$ 502,611</u>	<u>\$ 455,556</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 3,482	\$ 3,555
	<u>3,482</u>	<u>3,555</u>
Net assets:		
Without donor restrictions	326,629	296,422
With donor restrictions	172,500	155,579
	<u>499,129</u>	<u>452,001</u>
Total Liabilities and Net Assets	<u>\$ 502,611</u>	<u>\$ 455,556</u>

See notes to consolidated financial statements

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

Consolidated Statements of Activities

	Year Ended December 31,					
	2020 (Audited)			2019 (Reviewed)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Support:						
Contributions	\$ 730,493	\$ 584,422	\$ 1,314,915	\$ 288,126	\$ 436,068	\$ 724,194
Noncash contributions	44,733	-	44,733	44,733	-	44,733
	<u>775,226</u>	<u>584,422</u>	<u>1,359,648</u>	<u>332,859</u>	<u>436,068</u>	<u>768,927</u>
Revenue:						
Program revenue	38,652	-	38,652	340,703	-	340,703
Other income	16,651	-	16,651	6,128	-	6,128
	<u>55,303</u>	<u>-</u>	<u>55,303</u>	<u>346,831</u>	<u>-</u>	<u>346,831</u>
Total Support and Revenue	<u>830,529</u>	<u>584,422</u>	<u>1,414,951</u>	<u>679,690</u>	<u>436,068</u>	<u>1,115,758</u>
RECLASSIFICATIONS:						
Satisfaction of purpose restrictions	<u>567,501</u>	<u>(567,501)</u>	<u>-</u>	<u>383,276</u>	<u>(383,276)</u>	<u>-</u>

(continued)

See notes to consolidated financial statements

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

Consolidated Statements of Activities

(continued)

	Year Ended December 31,					
	2020 (Audited)			2019 (Reviewed)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services	927,007	-	927,007	905,109	-	905,109
Supporting activities:						
General and administrative	331,807	-	331,807	296,738	-	296,738
Fundraising	122,145	-	122,145	121,042	-	121,042
	453,952	-	453,952	417,780	-	417,780
Total Expenses	1,380,959	-	1,380,959	1,322,889	-	1,322,889
Change in Net Assets before Translation Adjustment	17,071	16,921	33,992	(259,923)	52,792	(207,131)
Translation Adjustment	13,136	-	13,136	800	-	800
Change in Net Assets	30,207	16,921	47,128	(259,123)	52,792	(206,331)
Net Assets, Beginning of Year	296,422	155,579	452,001	555,545	102,787	658,332
Net Assets, End of Year	\$ 326,629	\$ 172,500	\$ 499,129	\$ 296,422	\$ 155,579	\$ 452,001

See notes to consolidated financial statements

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020 (Audited)

	Supporting Activities				Total Expenses
	Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Salaries and benefits	\$ 444,307	\$ 187,640	\$ 74,274	\$ 261,914	\$ 706,221
Office and supplies	23,877	1,837	3,997	5,834	29,711
Professional fees	1,079	10,844	-	10,844	11,923
Travel and transportation	73,657	5,716	19,686	25,402	99,059
Dues and subscriptions	38,919	22,114	100	22,214	61,133
Rent and leases	7,116	51,242	-	51,242	58,358
Marketing	7,981	-	2,971	2,971	10,952
Repairs and maintenance	30,940	-	-	-	30,940
Events and activities	37,911	-	370	370	38,281
Grants to partners	225,186	-	-	-	225,186
Insurance	2,113	3,074	1,217	4,291	6,404
Depreciation	33,921	49,340	19,530	68,870	102,791
	<u>\$ 927,007</u>	<u>\$ 331,807</u>	<u>\$ 122,145</u>	<u>\$ 453,952</u>	<u>\$ 1,380,959</u>
Totals					
Percentage of total expenses	67%	24%	9%	33%	

See notes to consolidated financial statements

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

Year Ended December 31, 2019 (Reviewed)

	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	5,842	5,120	10,962	83,241
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	39,525	-	-	-	39,525
Events and activities	29,028	-	5,415	5,415	34,443
Grants to partners	322,569	-	-	-	322,569
Insurance	1,022	2,602	1,022	3,624	4,646
Depreciation	1,047	2,665	1,047	3,712	4,759
	<u>\$ 905,109</u>	<u>\$ 296,738</u>	<u>\$ 121,042</u>	<u>\$ 417,780</u>	<u>\$ 1,322,889</u>
Percentage of total expenses	68%	22%	9%	32%	

See notes to consolidated financial statements

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

Consolidated Statements of Cash Flows

	December 31,	
	2020 (Audited)	2019 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 47,128	\$ (206,331)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	102,791	4,759
Noncash contribution	(53,179)	-
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	1,495	-
Accounts payable	(73)	(7,909)
Net Cash Provided (Used) by Operating Activities	98,162	(209,481)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in property and equipment due to currency translation	(17,970)	(115)
Purchases of property and equipment	(2,379)	(11,622)
Net Cash Used by Investing Activities	(20,349)	(11,737)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	53,179	-
Net Change in Cash and Cash Equivalents	130,992	(221,218)
Cash and Cash Equivalents, Beginning of Year	287,390	508,608
Cash and Cash Equivalents, End of Year	\$ 418,382	\$ 287,390

See notes to consolidated financial statements

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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) as they engage with people in Nairobi from over 50 cultures and nationalities.

As we wholeheartedly pursue BlueSky's vision, more lives will be impacted with the gospel message and lives transformed for His glory. More influencers will be sent into the world, where they will lead through the lens of a gospel-centered worldview. BlueSky is uniquely positioned to influence this group (multinational, often closed to the gospel, political and financial influencers) because of our ministry platform approach. We are the only ministry in Kenya utilizing these adventure platforms for the sake of the gospel.

Because of BlueSky, an entire group of people who do not know the love of Jesus will be engaged and introduced to the gospel message. By responding to the vision the Lord has given us, we steward opportunities for connection, we pursue open doors for ministry growth, and we impact countless lives before us.

- Youth/students will receive intentional mentoring and spiritual discipleship.
- BlueSky will find and create additional intentional spaces to form community for a very transitory demographic (camp for kids/youth, the climbing gym for young professionals).
- The gospel will be introduced to the gospel and love of Jesus through relationship to traditionally closed communities (ex. South Asian Hindu or Muslim cultures).
- Thousands of people will have access to transformational adventure experiences, through which they learn skills and character development.
- Global leaders / influencers will be filled with BlueSky DNA, a posture of service and humility, advocacy for the marginalized, and cross-cultural respect, which helps position them for greater influence in their communities and the world.

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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.

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.

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS, continued

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.

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

During the years ended December 31, 2020 and 2019, the Organization received 42% and 31%, respectively, of its total contributions from three and five donors, respectively. 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, 2020 and 2019, no accrual for compensated absences has been made, because the amount could not be reasonably estimated.

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2020 and 2019, current assets in Kenya, including cash and cash equivalents, and prepaid expenses and other assets totaled \$40,924 and \$55,954, respectively; property and equipment, net of accumulated depreciation, amounted to \$50,260 and \$127,943, respectively; and liabilities in Kenya were \$3,842 and \$3,555, respectively. Total support and revenue received in Kenya, before any eliminations, amounted to \$311,607 and \$537,782 during 2020 and 2019, respectively. Account balances relating to Kenya operations are reflected in the consolidated financial statements in United States dollars.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Organization's financial assets as of December 31, 2020 and 2019, 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,	
	2020	2019
	(Audited)	(Reviewed)
Financial assets, at year-end and available to meet cash needs for general expenditures within one year:		
Cash and cash equivalents	\$ 418,382	\$ 287,390

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, 2020, the Organization has \$172,500 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, 2020 and 2019

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, consist of:

	December 31,	
	2020 (Audited)	2019 (Reviewed)
Furniture and equipment	\$ 319,533	\$ 340,565
Vehicles	110,969	117,904
	<u>430,502</u>	<u>458,469</u>
Less accumulated depreciation	<u>(375,203)</u>	<u>(320,728)</u>
	<u>\$ 55,299</u>	<u>\$ 137,741</u>

5. COMMITMENTS AND CONTINGENCIES:

The Organization leases facilities and certain office equipment under non-cancelable operating lease agreements. Rental and lease expenses totaled \$58,358 and \$76,568 for the years ended December 31, 2020 and 2019, respectively. Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2020, are as follows:

<u>Years Ending December 31,</u>	<u>Amounts</u>
2021	\$ 38,699
2022	38,699
2023	<u>12,900</u>
	<u>\$ 90,299</u>

BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

6. RISKS AND UNCERTAINTIES:

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. For the year ended December 31, 2020, in accordance with FASB ASC 958-605, the Organization has simultaneously recognized a contribution with donor restrictions and a release for same amount in the accompanying consolidated statements of activities. 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 to December 31, 2020, the Organization received notification of forgiveness from the SBA for the full PPP loan amount.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 13, 2021, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.