



BLUESKY GLOBAL MINISTRIES, INC.  
AND AFFILIATE

Consolidated Financial Statements  
With Independent Auditors' Report

December 31, 2021 and 2020

# 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

### ***Opinion***

We have audited the accompanying consolidated financial statements of BlueSky Global Ministries, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BlueSky Global Ministries, Inc. and Affiliate as of December 31, 2021 and 2020, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of BlueSky Global Ministries, Inc. and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BlueSky Global Ministries, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

***Auditors' Responsibility for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 BlueSky Global Ministries, Inc. and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BlueSky Global Ministries, Inc. and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Capin Crouse LLP*

Lawrenceville, Georgia  
June 1, 2022

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Consolidated Statements of Financial Position

	December 31,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 502,950	\$ 418,382
Prepaid expenses and other assets	27,388	28,930
Property and equipment–net	19,573	55,299
Total Assets	<u>\$ 549,911</u>	<u>\$ 502,611</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	<u>\$ 2,205</u>	<u>\$ 3,482</u>
Net assets:		
Without donor restrictions	337,726	326,629
With donor restrictions	209,980	172,500
Total net assets	<u>547,706</u>	<u>499,129</u>
Total Liabilities and Net Assets	<u>\$ 549,911</u>	<u>\$ 502,611</u>

See notes to consolidated financial statements

## BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

### Consolidated Statements of Activities

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Support:						
Contributions	\$ 712,967	\$ 503,233	\$ 1,216,200	\$ 730,493	\$ 584,422	\$ 1,314,915
Noncash contributions	44,733	-	44,733	44,733	-	44,733
	<u>757,700</u>	<u>503,233</u>	<u>1,260,933</u>	<u>775,226</u>	<u>584,422</u>	<u>1,359,648</u>
Revenue:						
Program revenue	73,508	-	73,508	38,652	-	38,652
Other income (loss)	(1,946)	-	(1,946)	16,651	-	16,651
	<u>71,562</u>	<u>-</u>	<u>71,562</u>	<u>55,303</u>	<u>-</u>	<u>55,303</u>
<b>Total Support and Revenue</b>	<u>829,262</u>	<u>503,233</u>	<u>1,332,495</u>	<u>830,529</u>	<u>584,422</u>	<u>1,414,951</u>
<b>RECLASSIFICATIONS:</b>						
Satisfaction of purpose restrictions	465,753	(465,753)	-	567,501	(567,501)	-
	<u>465,753</u>	<u>(465,753)</u>	<u>-</u>	<u>567,501</u>	<u>(567,501)</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,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services	849,980	-	849,980	927,007	-	927,007
Supporting activities:						
General and administrative	323,841	-	323,841	331,807	-	331,807
Fundraising	105,092	-	105,092	122,145	-	122,145
	428,933	-	428,933	453,952	-	453,952
Total Expenses	1,278,913	-	1,278,913	1,380,959	-	1,380,959
Change in Net Assets before Translation Adjustment	16,102	37,480	53,582	17,071	16,921	33,992
Translation Adjustment	(5,005)	-	(5,005)	13,136	-	13,136
Change in Net Assets	11,097	37,480	48,577	30,207	16,921	47,128
Net Assets, Beginning of Year	326,629	172,500	499,129	296,422	155,579	452,001
Net Assets, End of Year	\$ 337,726	\$ 209,980	\$ 547,706	\$ 326,629	\$ 172,500	\$ 499,129

See notes to consolidated financial statements

## BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

### Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

	Supporting Activities				Total Expenses
	Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Salaries and benefits	\$ 400,982	\$ 191,929	\$ 75,972	\$ 267,901	\$ 668,883
Office and supplies	37,734	2,820	4,202	7,022	44,756
Professional fees	2,682	36,767	-	36,767	39,449
Travel and transportation	87,983	8,682	8,952	17,634	105,617
Dues and subscriptions	36,815	16,662	298	16,960	53,775
Rent and leases	-	46,177	-	46,177	46,177
Marketing	8,157	-	5,865	5,865	14,022
Repairs and maintenance	28,112	-	-	-	28,112
Events and activities	97,575	-	1,568	1,568	99,143
Grants to partners	135,638	-	-	-	135,638
Insurance	2,414	3,512	1,390	4,902	7,316
Depreciation	11,888	17,292	6,845	24,137	36,025
	<u>\$ 849,980</u>	<u>\$ 323,841</u>	<u>\$ 105,092</u>	<u>\$ 428,933</u>	<u>\$ 1,278,913</u>
Totals					
Percentage of total expenses	66%	25%	8%	34%	

See notes to consolidated financial statements



## BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

### Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	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 Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 48,577	\$ 47,128
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	36,025	102,791
Noncash contribution	-	(53,179)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	1,542	1,495
Accounts payable	(1,277)	(73)
Net Cash Provided by Operating Activities	84,867	98,162
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Change in property and equipment due to currency translation	2,264	(17,970)
Purchases of property and equipment	(2,563)	(2,379)
Net Cash Used by Investing Activities	(299)	(20,349)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from note payable	-	53,179
Net Change in Cash and Cash Equivalents	84,568	130,992
Cash and Cash Equivalents, Beginning of Year	418,382	287,390
Cash and Cash Equivalents, End of Year	\$ 502,950	\$ 418,382

See notes to consolidated financial statements

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

December 31, 2021 and 2020

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 people 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, 2021 and 2020

### 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, 2021 and 2020, the Organization's cash balances exceeded federally insured limits by \$62,573 and \$0, respectively.

#### 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, 2021 and 2020

### 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020

### 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, 2021 and 2020, current assets in Kenya, including cash and cash equivalents, and prepaid expenses and other assets totaled \$31,121 and \$40,924, respectively; property and equipment, net of accumulated depreciation, amounted to \$17,067 and \$50,260, respectively; and liabilities in Kenya were \$2,205 and \$3,842, respectively. Total support and revenue received in Kenya, before any eliminations, amounted to \$268,920 and \$311,607 during 2021 and 2020, 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, 2021 and 2020, 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,	
	2021	2020
Financial assets, at year-end and available to meet cash needs for general expenditures within one year:		
Cash and cash equivalents	\$ 502,950	\$ 418,382

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, 2021, the Organization has \$209,980 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, 2021 and 2020

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, consist of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 304,391	\$ 319,533
Vehicles	105,777	110,969
	<u>410,168</u>	<u>430,502</u>
Less accumulated depreciation	(390,595)	(375,203)
	<u><u>\$ 19,573</u></u>	<u><u>\$ 55,299</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 \$46,177 and \$58,358 for the years ended December 31, 2021 and 2020, 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, 2021, are as follows:

<u>Years Ending December 31,</u>	<u>Amounts</u>
2022	\$ 37,330
2023	12,443
	<u><u>\$ 49,773</u></u>

6. EMPLOYEE BENEFIT PLAN:

The Organization offers its employees the opportunity to participate in a Section 403(b) retirement plan (the Plan). The Plan allows voluntary employee contributions and discretionary employer contributions. For the years ended December 31, 2021 and 2020, the Organization made contributions of \$3,598 and \$0, respectively, to the Plan.

# BLUESKY GLOBAL MINISTRIES, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

December 31, 2021 and 2020

7. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of 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 bore interest at a fixed rate of 1.00% and was due in April 2022. For the year ended December 31, 2020, in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605, the Organization 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.

Effective March 26, 2021, the Organization received notification of forgiveness from the SBA for the full PPP loan amount.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through June 1, 2022, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.