



SLAVIC GOSPEL ASSOCIATION

FINANCIAL STATEMENTS

With Independent Auditors' Report

June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Slavic Gospel Association
Loves Park, IL**

We have audited the accompanying financial statements of Slavic Gospel Association, which consist of the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses and cash flows for the year 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these 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 financial statements are free from 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 auditors' 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.

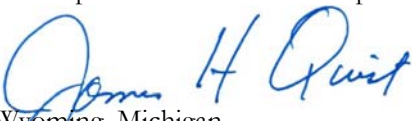
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Slavic Gospel Association as of June 30, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTER

The financial statements of Slavic Gospel Association for the year ended June 30, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on September 4, 2019.


Wyoming, Michigan
September 14, 2020

2425 Avon Avenue SW
Wyoming MI 49519-2207
616 443 5344
jqquist@quist-cpa.com

Statements of Financial Position

June 30, 2020 & 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,024,746	\$ 2,248,839
Investments	109,205	461,694
Prepaid expenses	67,305	74,092
Other assets	12,327	37,482
Total current assets	3,213,583	2,822,107
Funds held in trust by others	533,806	410,946
Land, buildings and equipment, net	547,720	604,275
Assets held under split-interest agreements	123,978	120,751
	\$ 4,419,087	\$ 3,958,079
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 251,531	\$ 313,412
Postretirement benefit obligation, current portion	33,333	33,048
Loans payable, current portion	135,785	-
Annuities payable, current portion	943	6,314
Total current liabilities	421,592	352,774
Loans payable, net of current portion	165,815	-
Postretirement benefit obligation, net of current portion	294,389	270,994
Annuities payable, net of current portion	11,248	27,430
Total liabilities	893,044	651,198
Net assets:		
Net assets without donor restrictions:		
Undesignated, available for general activities	794,031	686,866
Board designated reserve	870,564	853,353
Net investment in land, buildings and equipment	547,720	604,275
Total net assets without donor restrictions	2,212,315	2,144,494
Net assets with donor restrictions	1,313,728	1,162,387
Total net assets	\$ 3,526,043	\$ 3,306,881
	\$ 4,419,087	\$ 3,958,079

See accompanying notes and independent auditors' report

Statements of Activities

Years ended June 30, 2020 & 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Public support:						
Contributions	\$ 2,853,811	\$ 4,598,849	\$ 7,452,660	\$ 2,757,516	\$ 4,146,218	\$ 6,903,734
Foundation grants	241,690	111,090	352,780	106,552	88,401	194,953
Other:						
Investment and other income	43,873	-	43,873	90,460	-	90,460
Net assets released from restrictions:						
Time restricted	364,056	(364,056)	-	-	-	-
Purpose restricted	4,194,542	(4,194,542)	-	4,675,716	(4,675,716)	-
Total revenue	<u>7,697,972</u>	<u>151,341</u>	<u>7,849,313</u>	<u>7,630,244</u>	<u>(441,097)</u>	<u>7,189,147</u>
Expenses						
Program activities:						
Training	1,194,465	-	1,194,465	1,357,856	-	1,357,856
Equipping	1,695,477	-	1,695,477	2,086,321	-	2,086,321
Sponsoring	2,721,878	-	2,721,878	2,493,944	-	2,493,944
	<u>5,611,820</u>	<u>-</u>	<u>5,611,820</u>	<u>5,938,121</u>	<u>-</u>	<u>5,938,121</u>
Supporting activities:						
Management and general	710,770	-	710,770	698,816	-	698,816
Advancement	1,307,561	-	1,307,561	1,329,757	-	1,329,757
	<u>2,018,331</u>	<u>-</u>	<u>2,018,331</u>	<u>2,028,573</u>	<u>-</u>	<u>2,028,573</u>
Total expenses	<u>7,630,151</u>	<u>-</u>	<u>7,630,151</u>	<u>7,966,694</u>	<u>-</u>	<u>7,966,694</u>
Change in net assets	67,821	151,341	219,162	(336,450)	(441,097)	(777,547)
Net assets, beginning of year	2,144,494	1,162,387	3,306,881	2,480,944	1,603,484	4,084,428
Net assets, end of year	<u>\$ 2,212,315</u>	<u>\$ 1,313,728</u>	<u>\$ 3,526,043</u>	<u>\$ 2,144,494</u>	<u>\$ 1,162,387</u>	<u>\$ 3,306,881</u>

See accompanying notes and independent auditors' report

Statement of Functional Expenses

Year ended June 30, 2020

(With Comparative Totals for 2019)

	Program Services				Supporting Activities			2020 TOTAL	2019 TOTAL
	Training	Equipping	Sponsoring	Total	Management And General	Advancement	Total		
Salary, benefits and taxes	\$ 187,309	\$ 338,416	\$ 314,923	\$ 840,648	\$ 477,688	\$ 483,768	\$ 961,456	\$ 1,802,103	\$ 1,780,905
Professional services	43,872	21,262	13,564	78,697	36,169	375,451	411,620	490,318	545,802
Printing and mailing services	-	-	-	-	-	149,094	149,094	149,094	177,811
Promotional expenses	-	-	-	-	-	53,615	53,615	53,615	71,807
Office expenses	5,231	10,582	7,382	23,195	28,712	159,954	188,666	211,861	232,729
Travel	77,388	70,359	19,930	167,676	12,188	47,940	60,128	227,804	309,139
Contributions to global/local partners	858,145	1,098,308	2,318,823	4,275,276	-	-	-	4,275,276	4,434,321
Information technology	316	1,570	324	2,210	23,931	11,702	35,633	37,842	58,553
Occupancy	4,916	23,206	5,230	33,352	42,654	11,969	54,623	87,975	98,254
Depreciation	4,231	9,262	7,093	20,587	41,937	10,315	52,252	72,839	69,013
Other	13,057	122,513	34,609	170,179	47,490	3,754	51,244	221,423	188,360
Total Expenses	\$ 1,194,465	\$ 1,695,477	\$ 2,721,878	\$ 5,611,820	\$ 710,770	\$ 1,307,561	\$ 2,018,331	\$ 7,630,151	\$ 7,966,694

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square footage basis, as well as salaries, benefits and taxes, travel, and certain office expenses, which are allocated on the basis of estimates of time and effort.

See accompanying notes and independent auditors' report

Statements of Cash Flows

Years ended June 30, 2020 & 2019

	2020	2019
Cash Flows from Operating Activities		
Cash received from:		
Contributions	\$ 7,003,273	\$ 6,600,431
Missionary support	324,377	290,669
Foundation grants	352,780	194,953
Sales	-	2,795
Other	56,153	71,858
	<u>7,736,583</u>	<u>7,160,706</u>
Cash paid to suppliers, foreign affiliates, missionaries and employees for:		
Missionary activities	(295,661)	(295,876)
Grant related activities	(339,280)	(255,259)
Other ministry and supporting activities	(6,928,838)	(7,331,385)
	<u>(7,563,779)</u>	<u>(7,882,520)</u>
Net Cash Provided by (Used in) Operating Activities	<u>172,804</u>	<u>(721,814)</u>
Cash Flows from Investing Activities		
Purchase of marketable securities and assets held under split-interest agreements	(841,205)	(988,822)
Proceeds from sale of marketable securities and assets held under split-interest agreements	1,158,992	1,438,909
Building and equipment additions	(16,284)	(91,783)
Net Cash Provided by Investing Activities	<u>301,503</u>	<u>358,304</u>
Cash Flows from Financing Activities		
Proceeds from loan payable	301,600	-
Net Cash Provided by Financing Activities	<u>301,600</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	775,907	(363,510)
Cash and Cash Equivalents		
Beginning of year	2,248,839	2,612,349
End of year	<u>\$ 3,024,746</u>	<u>\$ 2,248,839</u>

See accompanying notes and independent auditors' report

1. Nature of Organization

Slavic Gospel Association (SGA) is an Illinois nonprofit corporation classified as a 501(c)(3) religious organization by the Internal Revenue Service, and as such is exempt from federal and state income tax. Support for SGA's ministry comes primarily from donor contributions.

SGA is an interdenominational, evangelical missionary organization dedicated to helping evangelical churches make disciples of the people in the lands of Russia for our Lord and Savior, Jesus Christ, through prayer, strategic ministry and financial assistance. Its main objectives are to stimulate, develop and maintain a vital, growing base of faithful prayer support; to strengthen and encourage evangelical churches, the other SGA international ministries, and other like-minded parachurch ministries; to provide for the training and equipping of national pastors, missionaries, church planters and lay workers; to secure and coordinate the sponsorship and equipping of national missionaries, church planters and local churches; to equip local churches for strategic outreach ministries; to assist in the development of church-based media ministries; to provide Russian-language Bibles, New Testaments, Bible study tools, theology texts, commentaries, etc., as well as literature for evangelism and discipleship to facilitate the achievement of the previously stated objectives. The financial statements do not include the financial position, results of activities or cash flows of SGA's affiliated organizations in Canada, Germany, the United Kingdom, the former Soviet Union, New Zealand or Australia, due to their financial and administrative independence.

As a faith mission, SGA is dependent upon God as He moves the hearts of interested individuals, local churches and other organizations to meet financial needs. Strict fiscal integrity is maintained. The mission is a charter member of the Evangelical Council for Financial Accountability.

2. Summary of Significant Accounting Policies**Basis of Accounting**

The financial statements of SGA have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

Public Support

Contributions restricted by donors for a specific ministry program are recorded as revenue with donor restrictions until such amounts have been expended by SGA for the purposes specified. When such amounts are expended for the specific ministry program, they are reclassified to net assets without donor restrictions and reported in the statements of activities as "Net assets released from restrictions".

Classes of Net Assets

The statements of financial position report net assets in separate classes based on the presence or absence of donor restrictions, as follows:

- a) Net assets without donor restrictions include:
 - 1) Amounts currently expendable for SGA ministries and supporting activities, without donor restrictions for specific ministry programs. These amounts may be used at management's discretion for any of SGA's charitable purposes.
 - 2) Amounts invested in assets held for long-term use in land, buildings, and equipment. While without donor restriction, these distinctions highlight the fact that these net assets are not otherwise available for current expenditure.
 - 3) Amounts held in a board-designated reserve for specific purposes.
- b) Net assets with donor restrictions include amounts restricted for use in specific ministry programs, for other operating purposes by donors and due to timing restrictions.

2. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in interest bearing accounts (checking and savings), money market accounts, highly liquid investments with original maturities of less than 90 days, and cash held by overseas partners not yet spent. Cash accounts may, at times, exceed federally insured limits. At June 30, 2020 and 2019, SGA's cash balances exceeded federally insured limits by \$1,482,029 and \$1,404,889, respectively. SGA has not experienced any loss on these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Funds Held in Trust by Others

Included in funds held in trust by others are amounts receivable from estates, and annuities and trusts administered by others. In the case of annuities and trusts administered by others, amounts will be received upon the death of the donor. In most cases, amounts receivable from estates are expected to be received within a year. Funds held in trust by others is determined by calculating the present value of future benefits expected to be received by SGA.

Marketable Securities and Assets Held under Split-Interest Agreements

Marketable securities consist of currently expendable investments in excess of daily cash requirements. Assets held under split-interest agreements consist of non-expendable amounts invested pursuant to SGA's split-interest agreements, most of which are invested in custodial accounts separately from expendable marketable securities.

Investment securities are carried at fair value. Fair values for investment securities are based on quoted market prices where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Unrealized gains and losses are reported with realized gains and losses in the statements of activities.

Land, Buildings and Equipment

Land, buildings and equipment in excess of \$1,500 are capitalized at cost. Donated assets to be used in the ministry are capitalized at their fair market value on the date of the gift. Depreciation on buildings and equipment is provided on a straight-line basis over the estimated useful lives of the respective assets, ranging from three to thirty years. The cost of normal maintenance and repairs is charged to operating expenses as incurred. Expenditures that increase the life of an asset are capitalized and depreciated over the estimated remaining useful life of the asset.

Annuities Payable

SGA has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution that is deductible for federal income tax purposes.

The difference between the amount received for the gift annuity and SGA's liability for future payments, determined on an actuarial basis, is included in contributions without donor restrictions at the date of the gift. The annuity liability is revalued annually based upon actuarially computed present values with an assumed rate of return of 3%.

Functional Allocation of Expenses

The costs of providing the various ministry programs and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting activities benefited. The Advancement supporting activity classification represents the fundraising function within the organization. All expenses are recorded when incurred in accordance with the accrual basis of accounting.

SGA incurred joint costs totaling \$287,205 and \$327,808 for certain advancement projects for 2020 and 2019, respectively. Joint costs are costs incurred in activities that involve a combination of fund-raising and program and/or management and general activities. Of these costs, 26% and 25% were allocated to fund-raising (advancement), 13% and 13% to management and general, and 61% and 62% to program activities for the years ended June 30, 2020 and 2019, respectively.

3. Fair Value Measurements

SGA has adopted the *Fair Value Measurement and Disclosure* topic of the FASB ASC. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. SGA uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, SGA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

SGA's investments and assets held under split-interest agreements consist of the following:

	June 30, 2020		
	Total	Level 1	Level 2
Investments:			
Fixed income mutual funds:	\$ 99,992	\$ 99,992	\$ -
Equity growth and income mutual funds	9,213	9,213	-
	<u>\$ 109,205</u>	<u>\$ 109,205</u>	<u>\$ -</u>
Split-interest agreements:			
Fixed income mutual funds:	\$ 47,657	\$ 47,657	\$ -
Equity growth and income mutual funds	74,580	74,580	-
Cash and cash equivalents	1,741	1,741	-
	<u>\$ 123,978</u>	<u>\$ 123,978</u>	<u>\$ -</u>
Funds held in trust by others	<u>\$ 533,806</u>	<u>\$ -</u>	<u>\$ 533,806</u>
	June 30, 2019		
	Total	Level 1	Level 2
Investments:			
Fixed income mutual funds:	\$ 229,805	\$ 229,805	\$ -
Equity growth and income mutual funds	168,664	168,664	-
Equity growth mutual funds	12,988	12,988	-
Money market mutual funds	50,237	50,237	-
	<u>\$ 461,694</u>	<u>\$ 461,694</u>	<u>\$ -</u>
Split-interest agreements:			
Fixed income mutual funds:			
Equity growth and income mutual funds	\$ 68,858	\$ 68,858	\$ -
Equity income mutual funds	35,061	35,061	-
Common stock	14,387	14,387	-
Cash and cash equivalents	2,445	2,445	-
	<u>\$ 120,751</u>	<u>\$ 120,751</u>	<u>\$ -</u>
Funds held in trust by others	<u>\$ 410,946</u>	<u>\$ -</u>	<u>\$ 410,946</u>

Cumulative net unrealized gains in fair value of assets held under split-interest agreements at June 30, 2020 and 2019 were \$2,426 and \$2,292, respectively.

4. Land, Buildings and Equipment

Land, buildings and equipment consist of the following:

	2020	2019
Land	\$ 278,324	\$ 274,374
Buildings and improvements	1,182,894	1,182,894
Furniture and equipment	619,961	622,155
Vehicles	75,834	75,834
	<u>2,157,013</u>	<u>2,155,257</u>
Accumulated depreciation	<u>(1,609,293)</u>	<u>(1,550,982)</u>
	<u>\$ 547,720</u>	<u>\$ 604,275</u>

5. Defined Postretirement Health Care and Life Insurance Benefit Plan

SGA provides Medicare supplemental and life insurance benefits to employees who had 25 years of ministry prior to 1993. Medicare supplemental coverage for retiree and spouse continues for the lifetime of each individual. The life insurance coverage is fixed at \$15,000 for employees under 70 and is reduced to \$7,500 at age 70. The spouse coverage is fixed at \$5,000 and is not to exceed 50% of the amount in force for the employee. Upon the employee's death, the spouse coverage is terminated. SGA accrues the cost of these postretirement benefits over the term of employment.

The plan's current and future benefits are funded by unrestricted, undesignated net assets of SGA. The following table sets forth the amounts recognized in the statements of financial position:

	2020	2019
Accumulated postretirement benefit obligation (APBO):		
Retirees	\$ (327,722)	\$ (304,042)
Fully eligible active plan participants	-	-
	<u>(327,722)</u>	<u>(304,042)</u>
Plan assets	-	-
APBO in excess of plan assets	<u>(327,722)</u>	<u>(304,042)</u>
Unrecognized net gain from past experience different from that assumed and from changes in assumptions	-	-
Accrued postretirement benefit cost	<u>\$ (327,722)</u>	<u>\$ (304,042)</u>

The postretirement benefit obligation is classified as follows on the statements of financial position:

	2020	2019
Postretirement benefit obligation	\$ 327,722	\$ 304,042
Less current portion	<u>(33,333)</u>	<u>(33,048)</u>
Postretirement benefit obligation - net of current portion	<u>\$ 294,389</u>	<u>\$ 270,994</u>

Benefits expected to be paid in the five fiscal years following the June 30, 2020, statements of financial position and in the aggregate for the five fiscal years thereafter are as follows:

2021	\$ 33,333
2022	31,672
2023	29,746
2024	27,636
2025	25,445
Aggregate for next five fiscal years	<u>96,285</u>
	<u>\$ 244,117</u>

5. Defined Postretirement Health Care and Life Insurance Benefit Plan, continued

Net periodic postretirement benefit cost for SGA for the periods ending June 30, 2020 and 2019, included the following components:

	2020	2019
Employer contributions	\$ 31,297	\$ 44,058
Benefits paid	\$ 31,297	\$ 44,058
Interest cost on APBO	\$ 8,039	\$ 11,045
Other	-	-
Net periodic postretirement benefit cost	\$ 8,039	\$ 11,045

Contributions for the next fiscal year are expected to be \$33,333.

Weighted-average assumption and method disclosures as of June 30, 2020 and 2019, include:

	2020	2019
Discount rate	1.31%	2.80%
Average life expectancy of participants	5 years	5 years

Furthermore, for purposes of calculating the postretirement benefit obligation, SGA assumed an initial 8.0% health care cost trend for participants for 2020 and 8.0% for 2019, decreasing to 6.00% by the year 2024.

6. Defined Contribution Plan

SGA provides a 403(b) retirement plan (Plan) that covers all full-time employees. Employees are immediately fully vested. Effective July 2015, for employees with three or more years of service, SGA matches 50% of employee contributions up to 6% of the annual base salary, for a maximum employer match of 3%. Employer contributions to the plan during 2020 and 2019 totaled \$23,453 and \$23,520, respectively.

7. Transactions with Affiliates and Related Parties

During 2020 and 2019, SGA transferred \$9,517 and \$2,448, respectively, to Slavic Gospel Association, Canada for missionary and ministry activities.

Amounts received and reported as revenue from SGA affiliates totaled \$553,935 and \$657,405 for the years ended June 30, 2020 and 2019, respectively.

Amounts reported as accounts receivable from SGA affiliates totaled \$1,800 and \$4,138 for the years ended June 30, 2020 and 2019, respectively.

8. Debt

SGA received a loan of \$301,600 under the federal Paycheck Protection Program in April 2020. The loan is unsecured, matures in April 2022 and carries an initial interest rate of 1 percent per annum on any balance not forgiven by the Small Business Association. Because these funds were used to cover employee compensation and utility costs, SGA expects this loan to be forgiven in its entirety. Therefore, no interest expense has been accrued for the year ended June 30, 2020. SGA will be submitting the application to request forgiveness of the loan during the year ending June 30, 2021.

9. Board-Designated Net Assets

SGA's governing board, through specific action, has created self-imposed limits on net assets without donor restrictions. As of June 30, 2020 and 2019, the board has set aside \$870,564 and \$853,353, respectively, for purposes of establishing an operating reserve. These net assets can be drawn upon if the board approves such action.

10. Net Assets With Donor Restrictions

Changes in and year-end balances of net assets with donor restrictions are as follows:

	<u>June 30, 2018</u>	<u>Contributions</u>	<u>Expenditures</u>	<u>June 30, 2019</u>
Net assets with donor restrictions:				
Subject to the passage of time:				
Funds held in trust by others	\$ 398,312	\$ 12,634	\$ -	\$ 410,946
Subject to expenditure for specified purpose:				
Bibles and literature	44,381	43,979	22,711	65,649
Church planter program	76,472	1,492,060	1,514,101	54,431
Missionary support	129,225	290,669	295,876	124,018
Outreach programs	932,166	1,928,475	2,353,298	507,343
Training programs	22,928	466,802	489,730	-
	<u>1,205,172</u>	<u>4,221,985</u>	<u>4,675,716</u>	<u>751,441</u>
	<u>\$ 1,603,484</u>	<u>\$ 4,234,619</u>	<u>\$ 4,675,716</u>	<u>\$ 1,162,387</u>
	<u>June 30, 2019</u>	<u>Contributions</u>	<u>Expenditures</u>	<u>June 30, 2020</u>
Net assets with donor restrictions:				
Subject to the passage of time:				
Funds held in trust by others	\$ 410,946	\$ 486,917	\$ 364,056	\$ 533,807
Subject to expenditure for specified purpose:				
Bibles and literature	65,649	38,385	22,083	81,951
Church planter program	54,431	1,561,121	1,533,445	82,107
Missionary support	124,018	324,377	295,661	152,734
Outreach programs	507,343	1,794,460	1,861,817	439,986
Training programs	-	504,679	481,536	23,143
	<u>751,441</u>	<u>4,223,022</u>	<u>4,194,542</u>	<u>779,921</u>
	<u>\$ 1,162,387</u>	<u>\$ 4,709,939</u>	<u>\$ 4,558,598</u>	<u>\$ 1,313,728</u>

11. Liquidity and Funds Available

The following table reflects SGA's financial assets as of June 30, 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, assets held for others, assets held in trusts and state required annuity reserves, perpetual and term endowments and accumulated earnings subject to appropriation beyond one year, unfunded portions of line of credit commitments, liquidity reserve limits required for church extension funds, or because the board has set aside funds for specific projects or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 3,024,746	\$ 2,248,839
Investments	109,205	461,694
Funds held in trust by others	533,806	410,946
Assets held under split-interest agreements	<u>123,978</u>	<u>120,751</u>
Financial assets, at year-end	3,791,735	3,242,230
Less those unavailable for general expenditure within one year, due to:		
Assets held under split-interest agreements	(123,978)	(120,751)
Restricted by donor with time or purpose restrictions	(1,313,728)	(1,162,387)
Board designated for operating reserves	<u>(870,564)</u>	<u>(853,353)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,483,465</u>	<u>\$ 1,105,739</u>

SGA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of SGA's liquidity management, it has established guidelines for making decisions related to managing short term cash reserves in a prudent manner. Management has internally set 75-90 days of operating expenses as a reasonable cash reserve on an ongoing basis. SGA also has a \$250,000 revolving line of credit agreement with a bank, of which no funds were borrowed under this agreement during the fiscal years ended June 30, 2020 and 2019. Interest on the line of credit is paid monthly at the Wall Street Journal prime rate less 0.5% (prime was 3.25% at June 30, 2020), with a floor of 4.0%. This line of credit expires in January 2021 and is collateralized by a security interest in the following assets: chattel paper, accounts, equipment and general intangibles.

12. Subsequent Events

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through September 14, 2020, the date these financial statements were available to be issued.

The COVID-19 pandemic has cast uncertainty over virtually everything. While the long-term effects of the pandemic could negatively affect SGA's financial position, cash flows and results of activities, any such effects cannot be reasonably estimated at this time.