

LANGHAM PARTNERSHIP USA, INC., NFP

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2019 AND 2018**

TOGETHER WITH AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Langham Partnership USA, Inc., NFP:

We have audited the accompanying financial statements of Langham Partnership USA, Inc., NFP which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

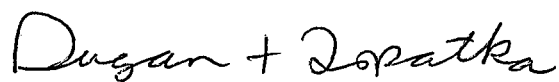
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Directors of
Langham Partnership USA, Inc., NFP
Page two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Langham Partnership USA, Inc., NFP as of June 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



DUGAN & LOPATKA

Warrenville, Illinois
October 16, 2019

LANGHAM PARTNERSHIP USA, INC., NFP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

| <u>ASSETS</u> | <u>2019</u> | <u>2018</u> |
|---------------------------------------|---------------------|---------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 1,286,658 | \$ 2,474,360 |
| Accounts receivable | 3,968 | 65,573 |
| Promises to give, current portion | 83,977 | 137,733 |
| Prepaid expenses | 25,256 | 42,653 |
| Land held for sale | 100,000 | 100,000 |
| Investments | 1,183,399 | 1,065,702 |
| Other assets | - | 1,855 |
| Total current assets | <u>2,683,258</u> | <u>3,887,876</u> |
| PROPERTY AND EQUIPMENT: | | |
| Building and improvements | 750,000 | 750,000 |
| Less - Accumulated depreciation | 356,250 | 337,500 |
| Net property and equipment | <u>393,750</u> | <u>412,500</u> |
| PROMISES TO GIVE - Long-term portion | <u>71,067</u> | <u>155,144</u> |
| | <u>\$ 3,148,075</u> | <u>\$ 4,455,520</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | <u>\$ 74,546</u> | <u>\$ 137,268</u> |
| NET ASSETS: | | |
| Without donor restrictions | 1,386,868 | 1,938,467 |
| With donor restrictions | 1,686,661 | 2,379,785 |
| Total net assets | <u>3,073,529</u> | <u>4,318,252</u> |
| Total liabilities and net assets | <u>\$ 3,148,075</u> | <u>\$ 4,455,520</u> |

The accompanying notes are an integral part of this statement.

LANGHAM PARTNERSHIP USA, INC., NFP
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

| | 2019 | | | 2018 | | |
|---------------------------------------|---------------------------------------|------------------------------------|---------------------|---------------------------------------|------------------------------------|---------------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
| PUBLIC SUPPORT AND REVENUE: | | | | | | |
| Contributions | \$ 2,156,380 | \$ 3,233,055 | \$ 5,389,435 | \$ 2,726,950 | \$ 3,573,055 | \$ 6,300,005 |
| Investment income | 126,932 | - | 126,932 | 65,456 | - | 65,456 |
| Other revenue | 1,737 | - | 1,737 | 2,091 | - | 2,091 |
| Total support and revenue | <u>2,285,049</u> | <u>3,233,055</u> | <u>5,518,104</u> | <u>2,794,497</u> | <u>3,573,055</u> | <u>6,367,552</u> |
| Net assets released from restrictions | <u>3,926,179</u> | <u>(3,926,179)</u> | <u>-</u> | <u>1,420,259</u> | <u>(1,420,259)</u> | <u>-</u> |
| Net public support and revenue | <u>6,211,228</u> | <u>(693,124)</u> | <u>5,518,104</u> | <u>4,214,756</u> | <u>2,152,796</u> | <u>6,367,552</u> |
| FUNCTIONAL EXPENSES: | | | | | | |
| Program services | 4,540,687 | - | 4,540,687 | 2,502,958 | - | 2,502,958 |
| Management and general | 414,000 | - | 414,000 | 352,374 | - | 352,374 |
| Fundraising | 1,808,140 | - | 1,808,140 | 1,486,017 | - | 1,486,017 |
| Total functional expenses | <u>6,762,827</u> | <u>-</u> | <u>6,762,827</u> | <u>4,341,349</u> | <u>-</u> | <u>4,341,349</u> |
| CHANGE IN NET ASSETS | <u>(551,599)</u> | <u>(693,124)</u> | <u>(1,244,723)</u> | <u>(126,593)</u> | <u>2,152,796</u> | <u>2,026,203</u> |
| NET ASSETS, Beginning of year | <u>1,938,467</u> | <u>2,379,785</u> | <u>4,318,252</u> | <u>2,065,060</u> | <u>226,989</u> | <u>2,292,049</u> |
| NET ASSETS, End of year | <u>\$ 1,386,868</u> | <u>\$ 1,686,661</u> | <u>\$ 3,073,529</u> | <u>\$ 1,938,467</u> | <u>\$ 2,379,785</u> | <u>\$ 4,318,252</u> |

The accompanying notes are an integral part of this statement.

LANGHAM PARTNERSHIP USA, INC., NFP
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--|-----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from public support and revenue | \$ 5,584,180 | \$ 5,956,511 |
| Cash paid for programs services, employees and supplies | (6,789,402) | (4,229,827) |
| Interest and dividends received | 42,020 | 27,299 |
| | <u>(1,163,202)</u> | <u>1,753,983</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Net (purchases) sales of investments | <u>(24,500)</u> | <u>272,892</u> |
| CHANGE IN CASH AND CASH EQUIVALENTS | (1,187,702) | 2,026,875 |
| CASH AND CASH EQUIVALENTS, Beginning of year | <u>2,474,360</u> | <u>447,485</u> |
| CASH AND CASH EQUIVALENTS, End of year | <u>\$ 1,286,658</u> | <u>\$ 2,474,360</u> |
| RECONCILIATION OF CHANGE IN TOTAL NET ASSETS TO NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES: | | |
| Change in total net assets | \$ (1,244,723) | \$ 2,026,203 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 18,750 | 18,750 |
| Net realized and unrealized (gain) loss on investments | (93,197) | (38,157) |
| (Increase) decrease in accounts receivable | 61,105 | (17,307) |
| (Increase) decrease in promises to give | 138,333 | (292,877) |
| Decrease in other assets | 1,855 | - |
| Decrease in prepaid expenses | 17,397 | 8,731 |
| Increase (decrease) in accounts payable and accrued expenses | <u>(62,722)</u> | <u>48,640</u> |
| Net cash provided by (used in) operating activities | <u>\$ (1,163,202)</u> | <u>\$ 1,753,983</u> |

The accompanying notes are an integral part of this statement.

LANGHAM PARTNERSHIP USA, INC., NFP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

| | 2019 | | | | 2018 | | | |
|-----------------------------------|---------------------|---------------------------|---------------------|---------------------|---------------------|---------------------------|---------------------|---------------------|
| | Program | Management and General | Fundraising | Total | Program | Management and General | Fundraising | Total |
| Scholarships and program expenses | \$ 3,146,785 | \$ 1,550 | \$ 63,642 | \$ 3,211,977 | \$ 1,316,208 | \$ - | \$ 16,000 | \$ 1,332,208 |
| Salaries | 690,686 | 103,811 | 640,822 | 1,435,319 | 592,714 | 96,875 | 437,274 | 1,126,863 |
| Benefits | 183,530 | 36,669 | 136,995 | 357,194 | 166,803 | 25,966 | 133,214 | 325,983 |
| Lodging/meals/travel | 123,309 | 30,790 | 180,676 | 334,775 | 143,220 | 46,351 | 145,246 | 334,817 |
| Professional fees | 136,432 | 171,884 | 113,306 | 421,622 | 96,599 | 115,197 | 125,694 | 337,490 |
| Consulting fees | 78,382 | 215 | 127,661 | 206,258 | 80,970 | 1,331 | 162,502 | 244,803 |
| Printing and duplication | 32,887 | 6,573 | 150,157 | 189,617 | 40,479 | 7,517 | 94,122 | 142,118 |
| Conferences and meetings | 64,458 | 13,884 | 245,150 | 323,492 | 11,136 | 11,532 | 213,306 | 235,974 |
| Rent | 1,649 | 3,865 | 13,466 | 18,980 | 4,627 | 3,823 | 10,368 | 18,818 |
| Office supplies and equipment | 12,968 | 5,567 | 8,765 | 27,300 | 7,174 | 2,441 | 9,553 | 19,168 |
| Other expenses | 26,066 | 9,152 | 22,466 | 57,684 | 2,324 | 7,763 | 28,964 | 39,051 |
| Property and directors' insurance | - | 8,576 | - | 8,576 | - | 13,256 | - | 13,256 |
| Depreciation | 18,750 | - | - | 18,750 | 18,750 | - | - | 18,750 |
| Postage | 177 | 2,639 | 24,023 | 26,839 | 307 | 829 | 25,922 | 27,058 |
| Marketing | 23,087 | - | 74,617 | 97,704 | 17,735 | - | 76,232 | 93,967 |
| Bank and payroll service charges | 82 | 16,828 | 818 | 17,728 | 461 | 18,063 | 51 | 18,575 |
| Fax/telephone | 1,439 | 1,997 | 5,576 | 9,012 | 3,451 | 1,430 | 7,569 | 12,450 |
| Total functional expenses | <u>\$ 4,540,687</u> | <u>\$ 414,000</u> | <u>\$ 1,808,140</u> | <u>\$ 6,762,827</u> | <u>\$ 2,502,958</u> | <u>\$ 352,374</u> | <u>\$ 1,486,017</u> | <u>\$ 4,341,349</u> |

LANGHAM PARTNERSHIP USA, INC., NFP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Langham Partnership USA, Inc., NFP (LPUSA), the U.S. member of Langham Partnership International, has been working for over 40 years alongside Christian leaders around the world, especially in the global east and south, to equip them with skills and tools for growing the church with depth and maturity. LPUSA's vision is to see churches in the Majority World equipped for mission and growing to maturity in Christ through the ministry of pastors and leaders who believe, teach and live by the Word of God.

The mission of Langham Partnership International is to pursue its vision by equipping a new generation of Bible teachers through three integrated programs:

Langham Scholars Program: Provides financial support for evangelical doctoral students from the Majority World so they may train Christian pastors and leaders - usually at seminary or university level - with sound biblical teaching.

Langham Literature Program: Provides evangelical resources in multiple languages through grants and distribution and fosters the indigenous creation of resources through sponsored editing and writing and publisher development.

Langham Preaching Program: Partners with national leaders to nurture indigenous preaching movements for pastors and lay preachers all around the world. This partnership provides practical on-site support for preachers, organizing training seminars, providing resources, encouraging preachers' groups, and building a local movement committed to Bible exposition.

The financial statements were available to be issued on October 16, 2019, with subsequent events being evaluated through this date.

Accounting Method -

The financial statements of LPUSA have been prepared using the accrual basis of accounting, which recognizes revenues as they are earned and expenses as they are incurred.

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Not-for-Profit Organizations*. Under the ASC, LPUSA is required to report information regarding two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of LPUSA. These net assets may be used at the discretion of management and the board of directors.

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of LPUSA and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Estimates -

LPUSA prepares its financial statements in conformity with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents -

For the purpose of the statement of cash flows, all highly liquid instruments with an original maturity of three months or less are considered to be cash equivalents.

Concentration of Risk -

Financial instruments that potentially subject LPUSA to credit risk consist primarily of mutual funds and common stocks. These investments are managed by an independent professional financial manager. The equity holdings are diversified among a number of different industries.

Investments -

LPUSA invests in various mutual funds and stocks. Investment securities, in general, are exposed to various risks, such as interest risk, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. Investments in marketable securities are stated at fair value based on quoted market prices.

Property and Equipment -

Property and equipment are stated at cost. Capital expenditures of \$1,000 (\$5,000 for computers) or greater and with a useful life of three or more years are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets of 3 to 40 years. Donated fixed assets are recorded at fair market value on the date received. Fixed assets given to scholars to keep beyond their scholarship period are ministry expenses and are not capitalized.

The asset (building and improvements) on the statement of financial position is a house located in London, England. This house is the residence and office of the International Ministries Director. The land on which the house is situated is not owned by LPUSA due to laws in England regarding the ownership of land. The purchase price of the building includes the right to use the land for a period of 86 years.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Restricted Resources -

LPUSA reports gifts of cash and other assets as with donor restriction revenue if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

LPUSA reports gifts of land, buildings and equipment as without donor restriction revenue 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 or other assets that must be used to acquire long-lived assets are reported as with donor restriction revenue. Absent explicit donor stipulations about how long those long-lived assets must be maintained, LPUSA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Services -

A substantial number of unpaid volunteers have made significant contributions of their time to LPUSA. These volunteers have a significant impact on making the ministry effective. However, the value of these services is not reflected in the financial statements, because they do not meet the definition of donated services under the Accounting Standards Codification.

New Accounting Pronouncement -

During 2019, LPUSA adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. This update to ASU 958 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The LPUSA had adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, lodging/meals/travel, professional fees, consulting fees, conferences and meetings and other expenses which are allocated on the basis of estimated of time and effort.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes -

LPUSA is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and state laws. Accordingly, no provision for income taxes has been established.

LPUSA files income tax returns in the U.S. federal jurisdiction, Illinois, and California. With few exceptions, LPUSA is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2015. LPUSA does not expect a material net change in unrecognized tax benefits in the next twelve months.

Reclassifications -

Certain prior year amounts have been reclassified to conform to the current year presentation.

(2) PROMISES TO GIVE:

Unconditional promises to give as of June 30, 2019 and 2018 are summarized as follows:

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------|-------------------|-------------------|
| Receivable in less than one year | \$ 83,733 | \$ 137,733 |
| Receivable in more than one year | <u>83,733</u> | <u>167,466</u> |
| Total unconditional promises to give | 167,466 | 305,199 |
| Less - Discount to net present value | <u>12,422</u> | <u>12,322</u> |
| Net unconditional promises to give | <u>\$ 155,044</u> | <u>\$ 292,877</u> |

(3) INVESTMENTS:

| | <u>2019</u> | <u>2018</u> |
|---------------------------------------|---------------------|---------------------|
| Investments consist of the following: | | |
| Mutual funds | \$ 447,184 | \$ 442,713 |
| Common stocks | 407,486 | 363,111 |
| Exchange traded funds | 248,507 | 194,802 |
| Real estate investment trust | 30,667 | 21,625 |
| Money market | <u>49,555</u> | <u>43,451</u> |
| | <u>\$ 1,183,399</u> | <u>\$ 1,065,702</u> |

(3) INVESTMENTS: (Continued)

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|------------------|
| Investment income includes: | | |
| Interest and dividends | \$ 42,020 | \$ 27,299 |
| Net realized and unrealized gains (loss) | 93,197 | 46,195 |
| Investment management fees | <u>(8,285)</u> | <u>(8,038)</u> |
| | <u>\$ 126,932</u> | <u>\$ 65,456</u> |

(4) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value measurements establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurement and expands disclosures about fair value measurements required under other accounting pronouncements. It does not change existing guidance as to whether or not an instrument is carried at fair value.

The standard established market and observable inputs as the preferred source of values, followed by assumptions based on hypothetical transaction in the absence of market inputs.

The valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect LPUSA's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1. Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2. Observable inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; through corroboration with observable market data, such as quoted market prices for similar markets or quoted market prices that are not active.

Level 3. Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2019 and 2018.

Mutual Funds: Valued at the net asset value of shares held at year end.

Exchange traded funds, REITs and Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

(4) FAIR VALUE MEASUREMENTS: (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while LPUSA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at June 30, 2019.

Fair values of assets measured on a recurring basis at June 30, 2019 and 2018 are as follow:

| | <u>Assets at Fair Value as of June 30, 2019</u> | | | |
|------------------------------|---|----------------|----------------|---------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Mutual funds | \$ 447,184 | \$ - | \$ - | \$ 447,184 |
| Common stocks | 407,486 | - | - | 407,486 |
| Exchange traded funds | 248,507 | - | - | 248,507 |
| Real estate investment trust | 30,667 | - | - | 30,667 |
| Money market | 49,555 | - | - | 49,555 |
| | <u>\$ 1,183,399</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,183,399</u> |
| | <u>Assets at Fair Value as of June 30, 2018</u> | | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Mutual funds | \$ 442,713 | \$ - | \$ - | \$ 442,713 |
| Common stocks | 363,111 | - | - | 363,111 |
| Exchange traded funds | 194,802 | - | - | 194,802 |
| Real estate investment trust | 21,625 | - | - | 21,625 |
| Money market | 43,451 | - | - | 43,451 |
| | <u>\$ 1,065,702</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,065,702</u> |

(5) EMPLOYEE RETIREMENT PLAN:

LPUSA provides a 403(b)(7) retirement plan for eligible employees. LPUSA contributes six percent of eligible employees' compensation to the plan. LPUSA made contributions to the plan of \$64,549 and \$50,266 in 2019 and 2018, respectively.

(6) LEASE COMMITMENT:

LPUSA rents three office spaces under a month-to-month leases. Two leases are paid monthly and require total monthly payments of \$902 per month. The third lease requires an annual payment of \$2,400. Rental expense for the years ended June 30, 2019 and 2018 amounted to \$13,226 and \$10,368, respectively.

(7) RELATED PARTY TRANSACTIONS:

LPUSA is the U.S. member of the Langham Partnership International. As such, LPUSA grants funds to its partner in the U.K. to carry out portions of the Literature, Scholars and Preaching programs. These grants represented 43% and 32% of LPUSA's total expenses in 2019 and 2018, respectively. 2019 was the first of a ten-year All in Campaign regarding transfers to their partners. The funds were distributed as follows:

| | <u>2019</u> | <u>2018</u> |
|--------------------|---------------------|---------------------|
| Literature Program | \$ 1,574,083 | \$ 527,388 |
| Preaching Program | 681,522 | 214,340 |
| Scholars Program | <u>696,473</u> | <u>511,427</u> |
| | <u>\$ 2,952,078</u> | <u>\$ 1,253,155</u> |

(8) NET ASSETS:

Net assets with donor restrictions are as follows:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Growth campaign | \$ 1,215,143 | \$ 1,900,500 |
| Distribution/Literature | 512 | 10,500 |
| Preaching | 136,963 | - |
| Publishing | 23,276 | - |
| Scholars | 33,728 | - |
| Francophone | 116,939 | 118,296 |
| Time restricted pledges receivable | 155,045 | 305,200 |
| Monitoring and evaluation | - | 36,798 |
| Larry Thomas Project | 2,700 | 2,700 |
| Michael Cromatie Faith Project | <u>2,355</u> | <u>5,791</u> |
| Total net assets with donor restrictions | <u>\$ 1,686,661</u> | <u>\$ 2,379,785</u> |

(9) LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following:

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|---------------------|
| Financial Assets: | | |
| Cash | \$ 1,286,658 | \$ 2,474,360 |
| Investments | 1,183,399 | 1,065,702 |
| Promises to give, current portion | 83,977 | 137,733 |
| Accounts receivable | <u>-</u> | <u>65,573</u> |
| Total financial assets | <u>2,554,034</u> | <u>3,743,368</u> |
| Less: Donor imposed restrictions | <u>1,698,983</u> | <u>2,379,785</u> |
| Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year | <u>\$ 855,051</u> | <u>\$ 1,363,583</u> |

LPUSA manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability;
- maintaining adequate liquid assets to fund near-term operating needs;
- maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.