

LANGHAM PARTNERSHIP USA, INC., NFP

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2020 AND 2019**

TOGETHER WITH AUDITOR'S REPORT

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, 2020 and 2019, 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.

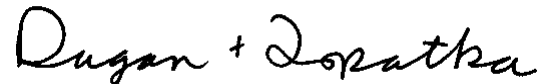
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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
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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, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Dugan + Lopatka". The script is cursive and fluid, with the plus sign clearly visible between the two names.

DUGAN & LOPATKA

Warrenville, Illinois
October 12, 2020

LANGHAM PARTNERSHIP USA, INC., NFP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,689,367	\$ 1,336,213
Accounts receivable	-	3,968
Promises to give, current portion	155,743	83,977
Prepaid expenses	13,026	25,256
Land held for sale	100,000	100,000
Investments	1,077,569	1,133,844
Other assets	509	-
Total current assets	3,036,214	2,683,258
PROPERTY AND EQUIPMENT:		
Building and improvements	750,000	750,000
Less - Accumulated depreciation	375,000	356,250
Net property and equipment	375,000	393,750
PROMISES TO GIVE - Long-term portion	202,708	71,067
	\$ 3,613,922	\$ 3,148,075
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 115,820	\$ 74,546
NET ASSETS:		
Without donor restrictions	1,011,332	1,386,868
With donor restrictions	2,486,770	1,686,661
Total net assets	3,498,102	3,073,529
Total liabilities and net assets	\$ 3,613,922	\$ 3,148,075

The accompanying notes are an integral part of this statement.

LANGHAM PARTNERSHIP USA, INC., NFP
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Contributions	\$ 3,099,618	\$ 2,197,535	\$ 5,297,153	\$ 2,156,380	\$ 3,233,055	\$ 5,389,435
Grant under CARES Act	266,887	-	266,887	-	-	-
Investment income	31,886	-	31,886	126,932	-	126,932
Other revenue	1,903	-	1,903	1,737	-	1,737
Total support and revenue	3,400,294	2,197,535	5,597,829	2,285,049	3,233,055	5,518,104
Net assets released from restrictions	1,397,426	(1,397,426)	-	3,926,179	(3,926,179)	-
Net public support and revenue	4,797,720	800,109	5,597,829	6,211,228	(693,124)	5,518,104
FUNCTIONAL EXPENSES:						
Program services	3,367,883	-	3,367,883	4,540,687	-	4,540,687
Management and general	421,239	-	421,239	414,000	-	414,000
Fundraising	1,384,134	-	1,384,134	1,808,140	-	1,808,140
Total functional expenses	5,173,256	-	5,173,256	6,762,827	-	6,762,827
CHANGE IN NET ASSETS	(375,536)	800,109	424,573	(551,599)	(693,124)	(1,244,723)
NET ASSETS, Beginning of year	1,386,868	1,686,661	3,073,529	1,938,467	2,379,785	4,318,252
NET ASSETS, End of year	<u>\$ 1,011,332</u>	<u>\$ 2,486,770</u>	<u>\$ 3,498,102</u>	<u>\$ 1,386,868</u>	<u>\$ 1,686,661</u>	<u>\$ 3,073,529</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from public support and revenue	\$ 5,357,761	\$ 5,584,180
Cash paid for programs services, employees and supplies	(5,101,956)	(6,789,402)
Interest and dividends received	<u>32,583</u>	<u>42,020</u>
Net cash provided by (used in) operating activities	288,388	(1,163,202)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sales of investments	<u>64,766</u>	<u>25,055</u>
CHANGE IN CASH AND CASH EQUIVALENTS	353,154	(1,138,147)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,336,213</u>	<u>2,474,360</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,689,367</u>	<u>\$ 1,336,213</u>
RECONCILIATION OF CHANGE IN TOTAL NET ASSETS TO NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES:		
Change in total net assets	\$ 424,573	\$ (1,244,723)
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) on investments	(8,491)	(93,197)
Decrease in accounts receivable	3,968	61,105
(Increase) decrease in promises to give	(203,407)	138,333
(Increase) decrease in other assets	(509)	1,855
Decrease in prepaid expenses	12,230	17,397
Increase (decrease) in accounts payable and accrued expenses	<u>41,274</u>	<u>(62,722)</u>
Net cash provided by (used in) operating activities	<u>\$ 288,388</u>	<u>\$ (1,163,202)</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, 2020 AND 2019

	2020				2019			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Scholarships and program expenses	\$ 2,068,720	\$ -	\$ -	\$ 2,068,720	\$ 3,146,785	\$ 1,550	\$ 63,642	\$ 3,211,977
Salaries	681,154	105,750	576,876	1,363,780	690,686	103,811	640,822	1,435,319
Benefits	206,217	42,995	152,735	401,947	183,530	36,669	136,995	357,194
Lodging/meals/travel	93,295	34,223	114,620	242,138	123,309	30,790	180,676	334,775
Professional fees	127,575	178,183	107,415	413,173	136,432	171,884	113,306	421,622
Consulting fees	75,259	2,375	156,107	233,741	78,382	215	127,661	206,258
Printing and duplication	2,351	5,125	133,880	141,356	32,887	6,573	150,157	189,617
Conferences and meetings	23,180	4,449	1,716	29,345	64,458	13,884	245,150	323,492
Rent	3,973	3,663	11,712	19,348	1,649	3,865	13,466	18,980
Office supplies and equipment	13,564	5,245	7,508	26,317	12,968	5,567	8,765	27,300
Other expenses	26,190	10,779	41,342	78,311	26,066	9,152	22,466	57,684
Property and directors' insurance	-	7,096	-	7,096	-	8,576	-	8,576
Depreciation	18,750	-	-	18,750	18,750	-	-	18,750
Postage	325	1,382	28,316	30,023	177	2,639	24,023	26,839
Marketing	23,817	-	48,400	72,217	23,087	-	74,617	97,704
Bank and payroll service charges	130	18,584	-	18,714	82	16,828	818	17,728
Fax/telephone	3,383	1,390	3,507	8,280	1,439	1,997	5,576	9,012
Total functional expenses	\$ 3,367,883	\$ 421,239	\$ 1,384,134	\$ 5,173,256	\$ 4,540,687	\$ 414,000	\$ 1,808,140	\$ 6,762,827

LANGHAM PARTNERSHIP USA, INC., NFP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(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 12, 2020, 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)

Revenue recognition for Contributions and Grants -

LPUSA recognizes 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.

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 for *Contributions Received and Contributions Made*.

New Accounting Pronouncement -

Effective July 1, 2019, LPUSA adopted ASU 2018-08, Not-for-Profit Entities: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions.

The adoption of this new standard did not result in a material impact to LPUSA's financial statements. There was no significant effect on the financial statements related to the adoption of this new standard which would require a cumulative adjustment to net assets at the date of adoption under the modified retrospective method.

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

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.

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 2017. 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, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 155,743	\$ 83,733
Receivable in more than one year	<u>215,430</u>	<u>83,733</u>
Total unconditional promises to give	371,173	167,466
Less - Discount to net present value	<u>12,722</u>	<u>12,422</u>
Net unconditional promises to give	<u>\$ 358,451</u>	<u>\$ 155,044</u>

(3) INVESTMENTS:

	<u>2020</u>	<u>2019</u>
Investments consist of the following:		
Mutual funds	\$ 508,475	\$ 447,184
Common stocks	293,153	407,486
Exchange traded funds	250,087	248,507
Real estate investment trust	<u>25,854</u>	<u>30,667</u>
	<u>\$ 1,077,569</u>	<u>\$ 1,133,844</u>

(3) INVESTMENTS: (Continued)

	<u>2020</u>	<u>2019</u>
Investment income includes:		
Interest and dividends	\$ 32,583	\$ 42,020
Net realized and unrealized gains	8,491	93,197
Investment management fees	<u>(9,188)</u>	<u>(8,285)</u>
	<u>\$ 31,886</u>	<u>\$ 126,932</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, 2020 and 2019.

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, 2020.

Fair values of assets measured on a recurring basis at June 30, 2020 and 2019 are as follow:

	<u>Assets at Fair Value as of June 30, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 508,475	\$ -	\$ -	\$ 508,475
Common stocks	293,153	-	-	293,153
Exchange traded funds	250,087	-	-	250,087
Real estate investment trust	<u>25,854</u>	<u>-</u>	<u>-</u>	<u>25,854</u>
	<u>\$ 1,077,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,077,569</u>
	<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	<u>30,667</u>	<u>-</u>	<u>-</u>	<u>30,667</u>
	<u>\$ 1,133,844</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,133,844</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 \$141,171 and \$64,549 in 2020 and 2019, 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 \$910 per month. The third lease requires an annual payment of \$2,400. Rental expense for the years ended June 30, 2020 and 2019 amounted to \$11,712 and \$13,226, 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 35% and 43% of LPUSA's total expenses in 2020 and 2019, respectively. 2019 was the first of a ten-year All in Campaign regarding transfers to their partners. The funds were distributed as follows:

	<u>2020</u>	<u>2019</u>
Literature Program	\$ 836,567	\$ 1,574,083
Preaching Program	439,930	681,522
Scholars Program	<u>538,840</u>	<u>696,473</u>
	<u>\$ 1,815,337</u>	<u>\$ 2,952,078</u>

(8) NET ASSETS:

Net assets with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Growth campaign	\$ 1,791,583	\$ 1,215,143
Distribution/Literature	-	512
Preaching	264,628	136,963
Publishing	-	23,276
Scholars	27,018	33,728
Francophone	40,000	116,939
Time restricted pledges receivable	358,451	155,045
Monitoring and evaluation	-	-
Larry Thomas Project	2,700	2,700
Michael Cromartie Faith Project	<u>2,390</u>	<u>2,355</u>
Total net assets with donor restrictions	<u>\$ 2,486,770</u>	<u>\$ 1,686,661</u>

(9) CONDITIONAL GRANTS:

As part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, in May, 2020, LPUSA obtained a Payroll Protection Program (PPP) loan in the amount of \$266,887. The interest rate on this loan is 1% with the amount to be repaid in 18 installments beginning November 2020 with the final payment due in May, 2022. As part of the PPP loan agreement, a portion of the loan can be forgiven. LPUSA intends to maximize the forgiven portion of this loan as allowed under the Act.

LPUSA has determined that the loan represents, in substance, a conditional grant as allowed under ASC 958-605 which recognizes revenue on nonexchange transactions when the barriers to the grants have been met. Per stipulations outlined in the CARES Act, LPUSA is using the monies from the PPP loan to fund payroll. Accordingly, LPUSA recognizes a portion of the loan as a contribution at the end of each payroll period that is funded by the PPP monies.

Funds received under PPP conditional grant	\$ 266,887
Payroll expenses funded by PPP conditional grant	<u>266,887</u>
Refundable advance as of June 30, 2020	<u><u>\$ -</u></u>

In December 2019, LPUSA received a three year grant agreement from a foundation in the amount of \$750,000. The grant agreement consists of three payments of \$250,000. Year two and three are contingent on LPUSA meeting certain measurable barriers in relation to progress being done on the grant. As of June 30, 2020, LPUSA has recognized \$250,000 as revenue, with \$500,000 remaining as conditional.

(10) 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>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$ 1,689,367	\$ 1,336,213
Investments	1,077,569	1,133,844
Promises to give, current portion	<u>155,743</u>	<u>83,977</u>
Total financial assets	<u>2,922,679</u>	<u>2,554,034</u>
Less: Donor imposed restrictions	<u>2,486,770</u>	<u>1,698,983</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>\$ 435,849</u>	<u>\$ 855,051</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.

(11) MANAGERMENTS RESPONSE TO THE COVID-19 PANDEMIC:

In March 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. LPUSA, in coordination with its Board of Directors and international partners, responded to the pandemic with steps to a) Protect team health (cancelling meetings, restricting travel, etc.); b) Augment and manage cash (including reduced spending and shifting to lower cost methods of delivering services); c) Focus on key donor relationships; d) Listen to key advisors and leaders in the majority world church; and e) Adjust its Strategic Plan. LPUSA's response strengthened our ability to build and maintain supportive relationships with external stakeholders as we managed and stewarded resources for a sustainable future.