



FINANCIAL STATEMENTS
With Independent Auditors' Report

March 31, 2015 and 2014

e3 PARTNERS MINISTRY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
e3 Partners Ministry
Plano, Texas

We have audited the accompanying financial statements of e3 Partners Ministry, which comprise the statements of financial position as of March 31, 2015 and 2014, and the related statements of activities and cash flows 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 misstatements, 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 misstatements.

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 misstatements 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.

Board of Directors
e3 Partners Ministry
Plano, Texas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of e3 Partners Ministry as of March 31, 2015 and 2014, and the changes in its net assets and cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Dallas, Texas
August 11, 2015

e3 PARTNERS MINISTRY

Statements of Financial Position

	March 31,	
	<u>2015</u>	<u>2014</u>
ASSETS:		
Cash and cash equivalents	\$ 2,309,428	\$ 1,954,308
Investments	196,710	196,805
Grant receivable	138,840	-
Contributions receivable	639,851	-
Inventory	194,127	173,915
Prepaid mission trips	481,716	691,003
Other assets	140,982	100,764
Property and equipment–net	<u>687,623</u>	<u>829,992</u>
Total Assets	<u>\$ 4,789,277</u>	<u>\$ 3,946,787</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 312,287	\$ 575,091
Refund payable	337,916	-
	<u>650,203</u>	<u>575,091</u>
Net assets:		
Unrestricted	989,757	727,594
Temporarily restricted	3,149,317	2,644,102
	<u>4,139,074</u>	<u>3,371,696</u>
Total Liabilities and Net Assets	<u>\$ 4,789,277</u>	<u>\$ 3,946,787</u>

See notes to financial statements

e3 PARTNERS MINISTRY

Statements of Activities

	Year Ended March 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 12,257,000	\$ 5,649,248	\$ 17,906,248	\$ 12,775,983	\$ 4,030,261	\$ 16,806,244
Product sales	783,363	-	783,363	893,756	-	893,756
Investment and other income	1,709	-	1,709	16,360	-	16,360
Total Support and Revenue	13,042,072	5,649,248	18,691,320	13,686,099	4,030,261	17,716,360
RECLASSIFICATIONS:						
Satisfaction of purpose restrictions	3,595,568	(3,595,568)	-	3,568,440	(3,568,440)	-
Expiration of time restrictions	526,894	(526,894)	-	47,240	(47,240)	-
Administrative assessments	1,021,571	(1,021,571)	-	735,898	(735,898)	-
	5,144,033	(5,144,033)	-	4,351,578	(4,351,578)	-
EXPENSES:						
Program activities:						
e3 Partners	12,581,020	-	12,581,020	12,042,790	-	12,042,790
e3 Resources	731,120	-	731,120	785,696	-	785,696
I am Second	2,101,370	-	2,101,370	2,328,383	-	2,328,383
	15,413,510	-	15,413,510	15,156,869	-	15,156,869
Supporting activities:						
Management and general	2,178,099	-	2,178,099	2,434,585	-	2,434,585
Fund-raising	332,333	-	332,333	484,064	-	484,064
Total Expenses	17,923,942	-	17,923,942	18,075,518	-	18,075,518
Change in Net Assets	262,163	505,215	767,378	(37,841)	(321,317)	(359,158)
Net Assets, Beginning of Year	727,594	2,644,102	3,371,696	765,435	2,965,419	3,730,854
Net Assets, End of Year	\$ 989,757	\$ 3,149,317	\$ 4,139,074	\$ 727,594	\$ 2,644,102	\$ 3,371,696

See notes to financial statements

e3 PARTNERS MINISTRY

Statements of Cash Flows

	March 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 767,378	\$ (359,158)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	146,627	225,448
Realized and unrealized (gain) loss on investments	95	(13,516)
Changes in operating assets and liabilities:		
Grant receivable	(138,840)	-
Contributions receivable	(639,851)	47,240
Inventory	(20,212)	82,545
Prepaid mission trips	209,287	(112,383)
Other assets	(40,218)	2,287
Accounts payable, accrued expenses, and other liabilities	(262,804)	143,143
Refund payable	337,916	-
Net Cash Provided by Operating Activities	359,378	15,606
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of stock	-	(100,000)
Purchases of property and equipment	(4,258)	(11,995)
Net Cash Used by Investing Activities	(4,258)	(111,995)
Net Change in Cash and Cash Equivalents	355,120	(96,389)
Cash and Cash Equivalents, Beginning of Year	1,954,308	2,050,697
Cash and Cash Equivalents, End of Year	\$ 2,309,428	\$ 1,954,308

See notes to financial statements

e3 PARTNERS MINISTRY

Notes to Financial Statements

March 31, 2015 and 2014

1. NATURE OF ORGANIZATION:

e3 Partners Ministry (e3) is located in Plano, Texas, and is incorporated under the laws of the State of Texas as a not-for-profit religious corporation. e3 is a multi-denominational evangelistic and outreach organization to people throughout the world. e3's mission is to equip God's servants, evangelize people throughout the world, and establish churches in foreign countries. e3's primary source of revenue is from contributions from supporters of e3's ministry campaigns, staff support, and operations support.

e3 extends its missions through its divisions: e3 Partners, e3 Resources, and I am Second. e3's primary mission activity is recruiting and equipping volunteer missionaries to evangelize and plant churches throughout the world through short-term mission trips. e3 focuses on providing national leaders and new churches with training and materials necessary to disciple new believers and develop multiplying churches. e3 Resources is a distributor of Christian faith-sharing tools, principally the EvangeCube, and is located in Franklin, Tennessee. I am Second is a movement meant to inspire people of all kinds to live for God and for others.

e3 is a not-for-profit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (the Code), and as such are subject to income taxes only to the extent of unrelated business income. e3 has been classified as a publicly supported organization, which is not a private foundation, under Section 509(a) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of e3 have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in checking and savings accounts. These accounts may, at times, exceed federally insured limits. e3 has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS

Investments consist of a global mutual fund that is recorded at fair value based on readily determinable values which are considered Level 1 under the *Fair Value* topic of the FASB ASC. The fair value of Level 1 securities is determined by reference to quoted market prices and other relevant information generated by market transactions. Realized and unrealized gains and losses are recorded in the statements of activities in the period in which they occur. Donated investments are recorded at fair value on the date of the gift.

e3 PARTNERS MINISTRY

Notes to Financial Statements

March 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises made by donors to give to e3 in a future period. Contributions receivable has a balance of \$639,851 and \$0 as of March 31, 2015 and 2014, respectively.

INVENTORY

Inventory is stated at the lower of cost or market using the average cost method, which approximates the first-in, first-out method. As of March 31, 2015 and 2014, inventory consists primarily of EvangeCubes and other resources to support the ministry operations of e3.

PREPAID MISSION TRIPS

Prepaid mission trips consists of payments made in advance for future mission trips.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment greater than \$3,000 are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from three to forty years. Property held for sale is included in property and equipment and is stated at the lower of cost and net realizable value.

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

Unrestricted net assets are currently available for operations under the direction of the board, including those preferenced to support the work of missionaries, and resources invested in property and equipment.

Temporarily restricted net assets are stipulated by donors for specific operating purposes or for the specific programs of the e3.

e3 PARTNERS MINISTRY

Notes to Financial Statements

March 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when funds are received, unconditional promises are made, or ownership of other assets is transferred to e3.

e3 receives donations through the e3 Partners donor advised fund maintained with an independent organization, Pure Charity (PC), to receive and receipt donations to e3. e3 retains the rights to the underlying donor data for the donations processed through this fund. PC provides grants to e3 from the donor advised fund.

e3 reports gifts of cash and other assets as unrestricted support when they are preferenced to support the work of missionaries. Total gifts preferenced for missionary support were \$4,984,964 and \$4,577,550 during the years ended and had an unspent balance of \$1,886,732 and \$1,622,229 as of March 31, 2015 and 2014, respectively.

Product sales revenue is recognized when the product is delivered to the customer, which is when it is considered to be earned. Sales are recorded net of sales discounts, returns, and allowances. Total sales discounts, returns, and allowances for March 31, 2015 and 2014 were \$22,143 and \$23,246.

Investment and other income is recognized when earned.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as salaries and benefits and depreciation, have been allocated among the program services and supporting activities benefited.

e3 PARTNERS MINISTRY

Notes to Financial Statements

March 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

JOINT ACTIVITIES

Joint activities are conducted that included requests for contributions as well as program and management and general functions. Those activities included promotional mailings, missionary costs, and other informational activities. Of the total joint costs, costs attributable to missionaries were \$3,944,530 and \$3,743,990 for the years ended March 31, 2015 and 2014, respectively. Total joint costs consist of the following:

	Year Ended March 31,	
	2015	2014
Program services	\$ 5,195,687	\$ 5,287,362
Management and general	1,215,126	1,448,561
Fund-raising	310,986	319,050
	<u>\$ 6,721,799</u>	<u>\$ 7,054,973</u>

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of March 31, 2015, e3 had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

e3 files information tax returns in the U.S. and various states. e3 is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

RECLASSIFICATIONS

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

e3 PARTNERS MINISTRY

Notes to Financial Statements

March 31, 2015 and 2014

3. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	March 31,	
	2015	2014
Land	\$ 145,000	\$ 145,000
Building	370,000	370,000
Software	943,868	943,868
Furniture, fixtures, and equipment	355,273	813,827
Leasehold improvements	29,317	94,960
Website development	-	6,460
Property held for sale	75,000	75,000
	1,918,458	2,449,115
Less accumulated depreciation	(1,230,835)	(1,619,123)
	\$ 687,623	\$ 829,992

4. NET ASSETS:

Unrestricted net assets consist of:

	March 31,	
	2015	2014
Operating	\$ 302,134	\$ (102,398)
Investment in property and equipment	687,623	829,992
	\$ 989,757	\$ 727,594

Temporarily restricted net assets for the year ended March 31, 2015, consist of:

	March 31, 2014	Contributions	Reclassification	March 31, 2015
Mission trips	\$ 1,210,014	\$ 1,094,730	\$ (1,228,780)	\$ 1,075,964
I am Second	485,582	2,042,112	(2,106,312)	421,382
Country projects	816,695	1,145,056	(1,091,027)	870,724
Other projects	56,811	200,605	(191,020)	66,396
Time restricted	75,000	1,166,745	(526,894)	714,851
	\$ 2,644,102	\$ 5,649,248	\$ (5,144,033)	\$ 3,149,317

e3 PARTNERS MINISTRY

Notes to Financial Statements

March 31, 2015 and 2014

4. NET ASSETS, continued:

Temporarily restricted net assets for the year ended March 31, 2014, consist of:

	March 31, 2013	Contributions	Reclassification	March 31, 2014
Mission trips	\$ 1,105,410	\$ 1,259,471	\$ (1,154,867)	\$ 1,210,014
I am Second	855,318	1,859,750	(2,229,486)	485,582
Country projects	833,664	708,198	(725,167)	816,695
Other projects	48,787	202,842	(194,818)	56,811
Time restricted	122,240	-	(47,240)	75,000
	\$ 2,965,419	\$ 4,030,261	\$ (4,351,578)	\$ 2,644,102

5. NATURAL CLASSIFICATION OF EXPENSES:

	Year Ended March 31, 2015 (With Summarized 2014 Totals)			
	Program Services	General and Administrative	Fund-raising	Total
Salaries	\$ 4,739,931	\$ 1,059,051	\$ 192,891	\$ 5,991,873
Payroll taxes and benefits	528,458	186,662	35,376	750,496
Total personnel costs	5,268,389	1,245,713	228,267	6,742,369
Travel	5,300,434	42,452	16,583	5,359,469
Ministry materials	1,538,636	3,482	3,206	1,545,324
Office expenses	482,711	597,326	15,699	1,095,736
Professional fees	866,123	122,425	25,930	1,014,478
Conferences and meetings	386,461	8,784	5,414	400,659
Advertising and promotions	291,992	12,920	7,360	312,272
Cost of goods sold	302,059	-	-	302,059
Grants to other ministries	155,045	38,204	19,102	212,351
Depreciation	97,291	44,984	4,353	146,628
Information technology	139,936	848	797	141,581
Staff development	115,119	13,844	5,622	134,585
International activities	461,330	-	-	461,330
Insurance	7,984	47,117	-	55,101
	\$ 15,413,510	\$ 2,178,099	\$ 332,333	\$ 17,923,942
2014 Total	\$ 15,156,869	\$ 2,434,585	\$ 484,064	\$ 18,075,518

e3 PARTNERS MINISTRY

Notes to Financial Statements

March 31, 2015 and 2014

6. OPERATING LEASES:

e3 leases office space and equipment under non-cancellable operating leases with their office lease expiring January 1, 2020, and other lease terms ending through the year ending March 31, 2019. Total rent expense incurred during the years ended March 31, 2015 and 2014, was \$479,958 and \$496,253 respectively. Future minimum lease payments are:

Year Ending March 31,

2016	\$	379,396
2017		350,914
2018		282,777
2019		<u>164,700</u>
	\$	<u><u>1,177,787</u></u>

As part of the above operating lease, e3 is provided below market rent for its primary office in Plano, Texas. The difference between the rent paid and the fair value of the rent has been recorded contributions in the statements of activities. e3 received donated rent income of \$148,421 and \$133,600 during the years ended March 31, 2015 and 2014.

7. RETIREMENT PLAN:

e3 sponsors a 403(b) plan (the Plan) covering all employees. The plan does not allow for employer contributions.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the date of the report, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.