



**ENGINEERING MINISTRIES
INTERNATIONAL USA**

Financial Statements
With Independent Auditors' Report

December 31, 2022 and 2021

ENGINEERING MINISTRIES INTERNATIONAL USA

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Engineering Ministries International USA
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of Engineering Ministries International USA, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Engineering Ministries International USA as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the 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, and for 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.

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

Board of Directors
Engineering Ministries International USA
Colorado Springs, Colorado

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Engineering Ministries International USA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Engineering Ministries International USA's ability to continue as a going concern for a reasonable period of time.

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

Capin Crouse LLP

Colorado Springs, Colorado
June 1, 2023

ENGINEERING MINISTRIES INTERNATIONAL USA

Statements of Financial Position

	December 31,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 9,096,698	\$ 8,154,098
Prepays and other assets	21,334	162,225
Receivables from partners	167,776	63,813
Advances to partners	1,828,085	1,411,389
Investments	10,068,878	543,059
Other asset–shared property	3,158,843	3,062,601
Fixed assets–net	807,855	890,839
Total Assets	\$ 25,149,469	\$ 14,288,024
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other current liabilities	\$ 132,785	\$ 89,225
Payables to partners	212,044	114,809
Refundable advances	14,252,780	6,205,499
Note payable	1,434,855	1,490,727
Total liabilities:	16,032,464	7,900,260
Net assets:		
Without donor restrictions	5,920,093	3,547,968
With donor restrictions	3,196,912	2,839,796
Total net assets	9,117,005	6,387,764
Total Liabilities and Net Assets	\$ 25,149,469	\$ 14,288,024

See notes to financial statements

ENGINEERING MINISTRIES INTERNATIONAL USA

Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 641,830	\$ 7,511,852	\$ 8,153,682	\$ 452,011	\$ 6,807,056	\$ 7,259,067
Grant Income	5,710,235	-	5,710,235	733,695	-	733,695
Contributed services	2,328,840	-	2,328,840	1,530,152	-	1,530,152
Program service fees	533,849	-	533,849	688,981	-	688,981
Interest and other income	146,543	-	146,543	92,547	-	92,547
Extinguishment of debt	-	-	-	984,458	-	984,458
Total Support and Revenue	9,361,297	7,511,852	16,873,149	4,481,844	6,807,056	11,288,900
NET ASSETS RELEASED:						
Purpose restrictions	7,154,736	(7,154,736)	-	6,096,631	(6,096,631)	-
EXPENSES:						
Program services	10,985,212	-	10,985,212	6,700,408	-	6,700,408
Supporting activities:						
General and administrative	2,533,830	-	2,533,830	1,847,192	-	1,847,192
Fundraising	624,866	-	624,866	545,449	-	545,449
	3,158,696	-	3,158,696	2,392,641	-	2,392,641
Total Expenses	14,143,908	-	14,143,908	9,093,049	-	9,093,049
Change in Net Assets	2,372,125	357,116	2,729,241	1,485,426	710,425	2,195,851
Net Assets, Beginning of Year	3,547,968	2,839,796	6,387,764	2,062,542	2,129,371	4,191,913
Net Assets, End of Year	\$ 5,920,093	\$ 3,196,912	\$ 9,117,005	\$ 3,547,968	\$ 2,839,796	\$ 6,387,764

See notes to financial statements

ENGINEERING MINISTRIES INTERNATIONAL USA

Statements of Functional Expenses

	Year Ended December 31, 2022			
	Supporting Activities:			
Program Services	General and Administrative	Fundraising	Total	
Salaries and benefits	\$ 4,045,602	\$ 1,242,293	\$ 496,498	\$ 5,784,393
Grants to others	3,508,911	-	-	3,508,911
Donated professional services	2,328,840	-	-	2,328,840
Services, supplies, and other	380,787	907,021	41,985	1,329,793
Travel	554,097	196,536	67,660	818,293
Occupancy, utilities, and maintenance	160,684	139,844	18,549	319,077
Depreciation and amortization	6,291	48,136	174	54,601
	\$ 10,985,212	\$ 2,533,830	\$ 624,866	\$ 14,143,908

	Year Ended December 31, 2021			
	Supporting Activities:			
Program Services	General and Administrative	Fundraising	Total	
Salaries and benefits	\$ 3,226,984	\$ 1,185,424	\$ 340,997	\$ 4,753,405
Grants to others	991,282	-	-	991,282
Donated professional services	1,530,152	-	-	1,530,152
Services, supplies, and other	433,994	581,025	77,368	1,092,387
Travel	337,780	12,496	107,453	457,729
Occupancy, utilities, and maintenance	132,568	50,673	14,576	197,817
Depreciation and amortization	47,648	17,574	5,055	70,277
	\$ 6,700,408	\$ 1,847,192	\$ 545,449	\$ 9,093,049

See notes to financial statements

ENGINEERING MINISTRIES INTERNATIONAL USA

Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,729,241	\$ 2,195,851
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	54,601	70,277
Amortization of other asset–shared property	55,872	-
Investment losses	87,687	-
Reinvested interest and dividends	(2,482)	(5,614)
Changes in operating assets and liabilities:		
Prepays and other assets	140,891	(121,945)
Receivables from partners	(103,963)	25,238
Advances to partners	(416,696)	(1,411,389)
Accounts payable and other current liabilities	43,560	38,351
Payables to partners	97,235	(82,763)
Extinguishment of debt	-	(984,458)
Refundable advances	8,047,281	(736,891)
Net Cash Provided (Used) by Operating Activities	<u>10,733,227</u>	<u>(1,013,343)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(15,168,730)	-
Proceeds from sales of investments	5,557,706	-
Investment in other asset–shared property	(120,232)	(1,571,874)
Purchases of fixed assets	(3,499)	(15,339)
Net Cash Used by Investing Activities	<u>(9,734,755)</u>	<u>(1,587,213)</u>

(continued)

See notes to financial statements

ENGINEERING MINISTRIES INTERNATIONAL USA

Statements of Cash Flows

(continued)

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(55,872)	-
Proceeds of Paycheck Protection Program loan	-	493,320
Net Cash Provided (Used) by Financing Activities	<u>(55,872)</u>	<u>493,320</u>
Net Change in Cash and Cash Equivalents	942,600	(2,107,236)
Cash and Cash Equivalents, Beginning of Year	<u>8,154,098</u>	<u>10,261,334</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,096,698</u>	<u>\$ 8,154,098</u>
SUPPLEMENTAL DISCLOSURE AND NON-CASH ACTIVITY:		
Cash paid for interest	<u>\$ 43,069</u>	<u>\$ -</u>
Transfer of assets from fixed assets to other asset–shared property	<u>\$ 31,882</u>	<u>\$ -</u>
Increase in other asset and note payable	<u>\$ -</u>	<u>\$ 1,500,000</u>
Amortization in other asset and note payable	<u>\$ -</u>	<u>\$ 9,273</u>

See notes to financial statements

ENGINEERING MINISTRIES INTERNATIONAL USA

Notes to Financial Statements

December 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

The vision of Engineering Ministries International USA (EMI USA) is people restored by God and the world restored through design. EMI USA's mission is to develop people, design structures, and construct facilities which serve communities and the Church. EMI USA proclaims the Gospel of Jesus by helping others change their world, through the development of hospitals, schools, orphanages, bridges, water supplies, electricity, and more. EMI USA's commitment is to enrich the lives of those who give and those who receive.

EMI USA is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, EMI USA is subject to federal income tax on any unrelated business taxable income. In addition, EMI USA is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

EMI USA maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and money market accounts. As of December 31, 2022 and 2021, EMI USA has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$8,451,000 and \$7,282,000, respectively.

RECEIVABLES FROM AND PAYABLES TO PARTNERS

During the year ended December 31, 2018, a separate organization, Engineering Ministries International Global (EMI Global), was created. EMI USA and EMI Global are not consolidated due to no control existing from one entity over the other. As of December 31, 2022 and 2021, EMI USA owed EMI Global a total of \$121,894 and \$48,174, respectively. As of December 31, 2022 and 2021, this payable is partially offset by a receivable from EMI Global to EMI USA in the amount of \$81,979 and \$11,071, respectively.

Another ministry partner, Engineering Ministries International UK (EMI UK), is also not consolidated due to no control existing from one entity over the other. As of December 31, 2022, EMI UK owed EMI USA a total of \$79,418. This receivable was partially offset by \$69,188 payable to EMI UK by EMI USA. As of December 31, 2021, EMI USA owed EMI UK a total of \$49,265. This payable was partially offset by a receivable from EMI UK to EMI USA in the amount of \$43,015. The remaining \$45,343 of receivables and \$93,591 of payables are due to and from other ministry partners.

ENGINEERING MINISTRIES INTERNATIONAL USA

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVANCES TO PARTNERS

EMI USA has signed conditional grant agreements with grantee partner organizations. These agreements specify that certain programmatic objectives be achieved and reported back to EMI USA. Initial distributions of the grants are sent to the organizations in advance of the objectives being performed, and an asset is recorded at that time. During the years ended December 31, 2022 and 2021, \$1,828,085 and \$1,411,389 of these advanced funds had not yet been spent by the grantees and the conditions had not been released by EMI USA, respectively. The terms of the agreements state that the portion of the funds which are either unspent or not used for purposes detailed in the agreements must be returned to EMI USA.

INVESTMENTS AND FAIR VALUE MEASUREMENTS

As of December 31, 2021, investments consisted entirely of certificates of deposit held at cost. These certificates of deposit had an original maturity date of ninety days or more. As of December 31, 2022, investments consisted of cash and money market accounts held at cost and fixed income securities carried at fair value.

EMI USA uses appropriate valuation techniques in compliance with Fair Value Measurements Topic of the FASB Accounting Standards Codification (ASC). 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. EMI USA uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, EMI USA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available.

As of December 31, 2022, EMI USA had \$6,441,243 of Level 2 fixed income securities, \$3,441,406 of Level 3 fixed income securities, and \$186,229 of cash and money markets carried at cost.

ENGINEERING MINISTRIES INTERNATIONAL USA

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued

Activity in the Level 3 fixed income securities for the year ended December 31, 2022 consisted of:

Purchases	\$ 3,550,000
Change in value	<u>(108,594)</u>
	<u>\$ 3,441,406</u>

OTHER ASSET-SHARED PROPERTY

During the year ended December 31, 2021, EMI USA entered into an agreement to share land and a building owned by EMI Global. As part of this arrangement, EMI USA is to occupy 71% of the space, and has informal ownership rights to 67% of the property. Additionally, as stated in Note 6, EMI USA is a co-borrower on the note payable, and also paid for \$1,571,874 of the down payment on the purchase of the property in 2021. During the year ended December 31, 2022, EMI USA paid for renovations to the building and added \$152,114 to the other asset-shared property to represent EMI USA's 67% ownership interest in the renovations. The remaining portion was recorded as grants to others in the statements of activities. Due to the consideration received by EMI USA for the property and renovations, an other asset has been recorded for the combined amount of the down payment, the note payable, and the renovations. EMI USA plans to amortize the other asset as the note payable is paid down, until the amount of the asset equals 67% of the cost of the property.

FIXED ASSETS-NET

Fixed assets are recorded at cost or, if donated, estimated fair value at the date of receipt. Items with a cost or fair value greater than \$3,000 are capitalized. Depreciation and amortization is provided on the straight-line method over estimated useful lives of three to fifty years.

REFUNDABLE ADVANCES

EMI USA signed two conditional grant agreements with a foundation during the year ended December 31, 2020. These agreements specify that certain programmatic objectives be achieved and reported back to the foundation. Initial distributions of the grants were sent to EMI USA in advance of the objectives being performed, and therefore, a liability has been recorded on the statements of financial position. During the year ended December 31, 2022, additional funds related to these grants were distributed to EMI USA, and as of December 31, 2022, EMI USA had received all of the awarded cash from these agreements. The terms of the agreements state that the portion of the funds which are either unspent or not used for purposes detailed in the agreements must be returned to the foundation. During the years ended December 31, 2022 and 2021, EMI USA spent some of the grant funds, and the conditions were released by the foundation for a portion of the funds received. As of December 31, 2022 and 2021, the liability representing funds received but not yet recognized as revenue totaled \$14,252,780 and \$6,205,499, respectively.

ENGINEERING MINISTRIES INTERNATIONAL USA

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions include resources that are used to support EMI USA's current operations and provide for the long-term needs of EMI USA, as well as resources invested in fixed assets.

Net assets with donor restrictions are resources restricted according to donors requests and primarily for the support of EMI USA's staff and field ministries.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statements of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

Those contributions received after year-end that were postmarked by December 31, 2021, were recorded as contributions and cash and cash equivalents rather than pledges receivable.

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. Consequently, as of December 31, 2022 and 2021, conditional contributions approximating \$14,252,780 and \$6,205,499, respectively, have not been recognized in the accompanying statements of activities because the conditions on which they depend have not yet been met. These amounts are recorded as refundable advances on the statements of financial position, as the amounts were received prior to EMI USA incurring qualifying expenditures. EMI USA has adopted the simultaneous release option for funds received through conditional contributions. Therefore, all conditional grants received for which EMI USA has met the barriers for revenue recognition have been treated as grant income without donor restrictions in the statements of activities.

EMI USA recognizes contributed services that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

ENGINEERING MINISTRIES INTERNATIONAL USA

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

EMI USA recognizes revenue from program service fees for work performed related to project design services within the fiscal year in which the services are provided. Payment is typically received from clients close to when the service is performed, and therefore there are minimal to no amounts recorded as accounts receivable or deferred revenue as of December 31, 2022 and 2021. Consequently, associated revenues are earned and recognized as the services are delivered. There are no substantial changes in the nature, amount, timing, and uncertainty of revenue and cash flows across EMI USA's various clients. Revenues and expenses from program service fees are reported as changes in net assets without donor restrictions.

ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of EMI USA. Salaries and wages and employee benefits were allocated based on time and effort. Costs of other categories were allocated on estimates based on the purpose of the expense.

In 2023, EMI USA continued to provide architectural and engineering services for Christian ministry clients in countries around the world as well as a couple of projects within the United States. EMI USA led teams of volunteers to multiple locations in Kenya and Uganda as well as Burundi and the Dominican Republic for conceptual design of facilities and infrastructure. These Christian ministries operate mission hospitals, schools, and centers for those recovering from sex trafficking. In addition, EMI USA provided remote assistance (no international travel) to projects in Haiti and Ukraine. In other areas, EMI USA performed technical support to emergency shelter providers in multiple countries and completed an ongoing disaster risk reduction project to improve shelter facilities in Haiti. EMI USA was heavily engaged throughout 2022 in a large multi-year Water, Sanitation and Hygiene (WASH) program in remote villages of Alaska which began in early 2021 and will be completed at the end of 2025.

AFFILIATE OFFICES

EMI has been able to participate in project work in many countries across the globe including Costa Rica, Niger, Uganda, Ethiopia, Bolivia, Sudan, Burundi, Zambia, and Guinea. Some of the projects were performed in country, while others included short-term team trips. Due to the international nature of the organization, as of December 31, 2022 and 2021, respectively, EMI USA had current assets in non-USA locations totaling \$117,132 and \$61,530, for country offices whose financial activity is included within cash and cash equivalents on EMI USA's statements of financial position.

ENGINEERING MINISTRIES INTERNATIONAL USA

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RESTATEMENT

During the year ended December 31, 2022, management became aware of contributed services that were not previously reflected in the statements of activities for the year ended December 31, 2021. As a result, and to make the prior year presentation conform to current year presentation, \$430,560 of contributed services revenue and donated professional services were added to the statements of activities for the year ended December 31, 2021. This had no impact on change in net assets or ending net assets for the year ended and as of December 31, 2021.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. EMI USA adopted the provisions of this new standard during the year ended December 31, 2022. This new standard enhances the presentation and disclosures related to contributed nonfinancial assets, including information about the measurement of contributed nonfinancial assets. The adoption of this standard had minimal impact on EMI USA's financial statements.

Additionally, in 2016, the FASB issued ASU No. 2016-02, *Leases*. EMI USA adopted the provisions of this new standard during the year ended December 31, 2022. This ASU requires substantially all leases with a noncancelable lease term over one year to be recognized by lessees on their balance sheet as a right-of-use (ROU) asset and a corresponding lease liability, including leases historically accounted for as operating leases. EMI USA evaluated all lease agreements under this new standard and concluded that any ROU assets and liabilities are immaterial, individually and in aggregate, to the financial statements as a whole. Therefore, no such ROU asset or liability has been recorded for the year ended December 31, 2022.

ENGINEERING MINISTRIES INTERNATIONAL USA

Notes to Financial Statements

December 31, 2022 and 2021

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects EMI USA's financial assets reduced by amounts not available for general use within one year, as of December 31, 2022 and 2021. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	December 31,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 9,096,698	\$ 8,154,098
Receivables from partners	167,776	63,813
Investments	10,068,878	543,059
Other receivables	-	96,340
Financial assets, at year-end	19,333,352	8,857,310
Less those unavailable for general expenditures within one year, due to:		
Donor restricted as to purpose and use	(415,000)	(30,000)
Receivables from partners	(167,776)	(63,813)
Investments maturing after one year	(2,749,618)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 16,000,958	\$ 8,763,497

EMI USA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through board meetings and detailed financial analysis.

4. FIXED ASSETS–NET:

Fixed assets–net consist of:

	December 31,	
	2022	2021
Buildings	\$ 919,274	\$ 919,274
Website and database development	292,917	292,917
Furniture and equipment	189,044	185,544
	1,401,235	1,397,735
Less accumulated depreciation and amortization	(593,380)	(538,779)
	807,855	858,956
Construction in process	-	31,883
	\$ 807,855	\$ 890,839

ENGINEERING MINISTRIES INTERNATIONAL USA

Notes to Financial Statements

December 31, 2022 and 2021

5. PAYCHECK PROTECTION PROGRAM LOAN:

EMI USA received two Paycheck Protection Program (PPP) loans in the amounts of \$493,320 and \$491,138 during the years ended December 31, 2021 and 2020, respectively, funded by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Both loans were forgiven by the SBA during the year ended December 31, 2021, and was recognized as extinguishment of debt revenue on the statements of activities.

6. NOTE PAYABLE:

As described in Note 2, during 2021 EMI USA became a co-borrower on a note payable with an original balance of \$1,500,000, secured by property owned by EMI Global. As part of its agreement with EMI Global, EMI USA pays the entire mortgage payment each month, and is reimbursed by EMI Global for 29% of that payment amount. As a co-borrower, EMI USA is legally obligated for the entire note payable balance. The note is payable to Chase Bank, with monthly payments due of \$8,306. Interest is fixed at 2.94% until October 20, 2028, after which a balloon payment will be required. Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 58,290
2024	60,027
2025	61,816
2026	63,658
2027	65,555
Thereafter	<u>1,125,509</u>
	<u>\$ 1,434,855</u>

EMI USA was in compliance with all financial and reporting covenants at December 31, 2022.

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Staff support	\$ 1,988,804	\$ 1,933,057
Field ministries	821,828	810,599
Debt reduction	386,280	-
Time restrictions	-	<u>96,140</u>
	<u>\$ 3,196,912</u>	<u>\$ 2,839,796</u>

ENGINEERING MINISTRIES INTERNATIONAL USA

Notes to Financial Statements

December 31, 2022 and 2021

8. CONTRIBUTED SERVICES:

A substantial number of volunteers have made significant contributions of time to develop programs and provide technical assistance on projects for EMI USA. These services are an integral part of EMI USA's ministry. The total number of hours contributed to EMI USA during the years ended December 31, 2022 and 2021, were 24,086 and 17,839, respectively. These hours consisted of approximately 10,750 and 7,725 professional hours, and 13,336 and 10,114 intern hours for years ended December 31, 2022 and 2021, respectively. These hours were valued at \$136 per hour for professionals and \$65 per hour for interns for the year ended December 31, 2022. These hours were valued at \$130 per hour for professionals and \$52 per hour for interns for the year ended December 31, 2021. These hours are reflected as revenue and as expense in the accompanying statements of activities.

9. EMPLOYEE BENEFITS:

EMI USA has a 403(b) retirement plan that is available for all employees. Employer contributions for the years ended December 31, 2022 and 2021, were \$17,568 and \$12,075, respectively.

10. RELATED PARTIES:

The chief executive officer of EMI USA is also the chief executive officer of EMI Global. Additionally, EMI USA and EMI Global share other common board members. During the years ended December 31, 2022 and 2021, EMI USA provided gift-in-kind contributions of \$601,628 and \$613,199, respectively, and paid for oversight functions of \$300,000 and \$284,760, respectively, to EMI Global. EMI Global also paid \$271,634 and \$289,182, respectively, in expenses under an office sharing and seconded payroll agreement to EMI USA.

The chief executive officer of EMI USA is on the board of directors for two partner organizations. EMI USA wired funds in the amounts of \$132,141 and \$204,802 to these organizations during the years ended December 31, 2022 and 2021, respectively. Total receivables from these organizations in the amounts of \$6,111 and \$8,381 are recorded as other assets on the statements of financial position as of, December, 31, 2022 and 2021, respectively. Total accounts payable in the amounts of \$20,767 and \$0 are recorded on the statements of financial position as of, December, 31, 2022 and 2021, respectively.

Approximately \$38,000 (0.5%) and \$43,000 (0.6%) of contribution revenue was received from certain board members of the Board or Directors and senior management, during the years ended December 31, 2022 and 2021, respectively.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through June 1, 2023, which is the date the financial statements were available to be issued.