

THE PROVERBS 31 MINISTRY, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
AND  
INDEPENDENT AUDITOR'S REPORT

FRANKLIN & FRANKLIN, PA  
CERTIFIED PUBLIC ACCOUNTANTS

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**THE PROVERBS 31 MINISTRY, INC.**  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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# FRANKLIN & FRANKLIN, PA

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Proverbs 31 Ministry, Inc.  
Matthews, North Carolina

We have audited the accompanying financial statements of The Proverbs 31 Ministry, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, 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 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 audit to obtain reasonable assurance about whether the financial statements are free of 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Proverbs 31 Ministry, Inc. as of December 31, 2020 and 2019, 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.



Franklin & Franklin, PA  
Matthews, North Carolina

May 13, 2021

# THE PROVERBS 31 MINISTRY, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	December 31, 2020	December 31, 2019
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents - without donor restrictions	\$ 3,336,832	\$ 1,776,493
Accounts and other receivables	140,557	25,258
Pledges receivable	-	130,338
Investments	4,034,510	3,685,037
Inventory, net of reserve (\$84,725 in 2020 and \$90,000 in 2019)	268,286	204,136
Prepaid expenses	373,108	241,784
TOTAL CURRENT ASSETS	<u>8,153,293</u>	<u>6,063,046</u>
OTHER ASSETS:		
Cash and cash equivalents - with donor restrictions	322,967	347,967
Property and equipment, net	1,041,891	186,185
Website, net of accumulated amortization (\$89,798 in 2020 and \$63,798 in 2019)	52,772	39,957
Prepaid rent	-	100,000
TOTAL OTHER ASSETS	<u>1,417,630</u>	<u>674,109</u>
TOTAL ASSETS	<u>\$ 9,570,923</u>	<u>\$ 6,737,155</u>
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 255,634	\$ 177,488
Accrued PTO liability	99,809	68,288
401(k) liability	-	31,602
Accrued interest	4,504	-
Deferred revenue	193,576	177,588
Current portion of long-term debt	340,586	-
TOTAL CURRENT LIABILITIES	<u>894,109</u>	<u>454,966</u>
LONG-TERM DEBT	<u>349,414</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,243,523</u>	<u>454,966</u>
NET ASSETS:		
Net assets without donor restrictions	8,004,433	5,934,222
Net assets with donor restrictions	322,967	347,967
TOTAL NET ASSETS	<u>8,327,400</u>	<u>6,282,189</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,570,923</u>	<u>\$ 6,737,155</u>

**THE PROVERBS 31 MINISTRY, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:	<u>2020</u>	<u>2019</u>
<b>SUPPORT AND REVENUE:</b>		
Contributions	\$ 3,994,499	\$ 3,780,923
Resource sales, net of cost of goods sold (\$3,066,414 for 2020 and \$1,812,346 for 2019)	2,078,794	1,276,567
Ministry training	1,263,218	1,026,922
Conference income	474,443	679,025
Speaking ministry income	17,845	75,255
Special projects	52,609	2,080
Net income on investments	354,407	361,790
Miscellaneous income/(expense)	(85,410)	16,494
Net assets released from restrictions	25,000	127,750
<b>TOTAL SUPPORT AND REVENUE</b>	<u>8,175,405</u>	<u>7,346,806</u>
 <b>EXPENSES:</b>		
Program services expense	4,936,622	4,884,881
Management and general expense	917,421	911,976
Fundraising expense	251,151	362,436
<b>TOTAL EXPENSES</b>	<u>6,105,194</u>	<u>6,159,293</u>
 <b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	 <u>2,070,211</u>	 <u>1,187,513</u>
 <b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Restricted contributions	-	127,750
Net assets released from restrictions	(25,000)	(127,750)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>(25,000)</u>	<u>-</u>
 <b>CHANGE IN NET ASSETS</b>	 2,045,211	 1,187,513
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 <u>6,282,189</u>	 <u>5,094,676</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u><u>\$ 8,327,400</u></u>	 <u><u>\$ 6,282,189</u></u>

# THE PROVERBS 31 MINISTRY, INC.

## STATEMENT OF FUNCTIONAL EXPENSE

YEAR ENDED DECEMBER 31, 2020

	Program Services	Supporting Services			2020 Total Expenses
		Management and General	Fundraising	Total Supporting Services	
Compensation and benefits	\$3,609,311	\$ 665,959	\$ 161,498	\$ 827,457	\$4,436,768
She Speaks Conference	97,482	-	-	-	97,482
Ministry training	424,482	32,887	-	32,887	457,369
Consulting	-	-	-	-	-
Office expense	272,782	64,295	11,984	76,279	349,061
Volunteer and staff expense	47,138	10,806	-	10,806	57,944
Travel expense	24,909	-	-	-	24,909
Radio expense	-	-	-	-	-
Online processing fees	50,430	49,843	-	49,843	100,273
Professional fees	-	59,094	-	59,094	59,094
Marketing expense	332,126	-	-	-	332,126
Ministry gifts	1,000	-	-	-	1,000
Mid-year and year-end letter	-	-	23,970	23,970	23,970
Fundraising - other	-	22,854	53,699	76,553	76,553
Depreciation and amortization	76,962	11,683	-	11,683	88,645
Total Functional Expenses	<u>\$4,936,622</u>	<u>\$ 917,421</u>	<u>\$ 251,151</u>	<u>\$1,168,572</u>	<u>\$6,105,194</u>

# THE PROVERBS 31 MINISTRY, INC.

## STATEMENT OF FUNCTIONAL EXPENSE

YEAR ENDED DECEMBER 31, 2019

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	Program Services	Supporting Services		Total Supporting Services	2019 Total Expenses
		Management and General	Fundraising		
Compensation and benefits	\$ 3,151,530	\$ 598,392	\$ 239,356	\$ 837,748	\$ 3,989,278
She Speaks Conference	357,757	-	-	-	357,757
Ministry training	419,411	32,590	-	32,590	452,001
Consulting	37,800	-	-	-	37,800
Office expense	184,516	48,297	13,655	61,952	246,468
Volunteer and staff expense	79,399	21,106	-	21,106	100,505
Travel expense	88,492	-	-	-	88,492
Radio expense	6,915	-	-	-	6,915
Online processing fees	40,800	64,045	-	64,045	104,845
Professional fees	-	84,247	-	84,247	84,247
Marketing expense	440,020	-	-	-	440,020
Ministry gifts	4,194	-	-	-	4,194
Mid-year and year-end letter	-	-	55,721	55,721	55,721
Fundraising - other	-	51,032	53,704	104,736	104,736
Depreciation and amortization	74,047	12,267	-	12,267	86,314
Total Functional Expenses	<u>\$ 4,884,881</u>	<u>\$ 911,976</u>	<u>\$ 362,436</u>	<u>\$ 1,274,412</u>	<u>\$ 6,159,293</u>

# THE PROVERBS 31 MINISTRY, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,045,211	\$ 1,187,513
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	88,645	86,314
Loss on disposal of assets	84,589	-
Gain on investments	(354,407)	(361,790)
Changes in operating assets and liabilities:		
accounts and other receivables	(115,299)	119,885
pledges receivable	130,338	50,232
inventories	(64,150)	184,376
prepaid expenses	(31,324)	(27,933)
accounts payable	78,146	4,700
accrued PTO liability	31,521	(960)
401(k) liability	(31,602)	10,897
accrued interest	4,504	-
deferred revenue	15,988	28,811
Net cash provided by operating activities	1,882,160	1,282,045
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,002,941)	(58,779)
Payments on website development	(38,815)	(14,580)
Sale of securities	(636,139)	-
Purchase of securities	641,074	(1,506,257)
Net cash used for investing activities	(1,036,821)	(1,579,616)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	690,000	-
Net cash provided by financing activities	690,000	-
Net change in cash	1,535,339	(297,571)
Cash and cash equivalents at beginning of year	2,124,460	2,422,031
Cash and cash equivalents at end of year	<u>\$ 3,659,799</u>	<u>\$ 2,124,460</u>

No taxes were paid for 2020 and 2019.

No cash was paid for interest in 2020 or 2019.

See accompanying notes and independent auditor's report.



# THE PROVERBS 31 MINISTRY, INC.

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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## 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

### Nature of Business

The Proverbs 31 Ministry, Inc. (the “Ministry”) was incorporated as a charitable organization in North Carolina in 1996. The Ministry is a nonprofit organization dedicated to glorifying God. The Ministry uses daily devotions, a mobile application, online Bible studies, social media, resources, web-based training, podcasts, speaking events, and conferences to share God’s Word and help women grow in Christ.

### Basis of Accounting

The financial statements of the Ministry have been prepared using the accrual basis of accounting.

### Financial Statement Presentation

In accordance with Financial Accounting Standards Board ASC Topic 958, *Financial Statements for Not-For-Profit Entities*, the Ministry is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* are those currently available for use in the operations of the Ministry under the direction of the Board.

*Net assets with donor restrictions* are those stipulated by donors for specific purposes or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interest have ceased.

### Cash and Cash Equivalents

The Ministry considers all highly liquid investments, purchased with a maturity of three months or less, to be cash equivalents.

### Accounts and Other Receivables

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts if necessary.

### Property and Equipment

Property and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Property and equipment acquisitions are capitalized if they are in excess of \$1,000. Depreciation, including depreciation of assets under capital leases, is provided over the estimated useful lives of the respective assets on a straight-line basis, using the half-year convention. The cost of property and equipment sold or retired and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in revenue or expense.

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

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### Inventories

Inventories consist primarily of books, audio and video resources, and apparel. These inventories are stated at the lower of cost or market determined by the first-in, first-out method. The Ministry evaluates the inventory reserve based on inventory turn levels and obsolescence.

### Accrued PTO Liability

Employees may carry forward a limited amount of Personal Time Off (PTO) from one calendar year to another.

### Resource Sales

Resource sales are recorded at the time the order is received and reflects the sales of ministry resources. For the year ended December 31, 2020, gross sales were \$5,145,208 less cost of goods sold of \$3,066,414, resulting in net sales of \$2,078,794. For the year ended December 31, 2019, gross sales were \$3,088,913 less cost of goods sold of \$1,812,346, resulting in net sales of \$1,276,567.

### Freight

Freight expense on resource products is included in inventory until the product is sold, at which point it is expensed. Freight on supplies and other items are expensed as incurred.

### Restricted and Unrestricted Support

Under *ASC Topic 958, Not-For-Profit Entities*, contributions received are recorded as unrestricted or restricted support, depending on the existence and nature of any donor restrictions.

### Deferred Revenue

*ASC Topic 606, Revenue Recognition*, events like She Speaks or subscriptions for membership to products like COMPEL require revenue to be recorded at the point at which the deliverable has been provided to the participant. In these exchange transactions, receipts for She Speaks are recorded as deferred revenue until the time the event occurs, at which point the revenue is recognized. As for COMPEL memberships, since the products are made available for a set period, based on the length of the subscription, the receipts are recorded as deferred revenue and then recognized as revenue for the respective reporting period.

Deferred revenue also includes amounts received as speaker deposits and conference deposits for events to be held in a future period, prepayments on future sponsorships of devotions, and deposits received at year end for resources shipped after year end.

### Donated Services

Donated services are provided by volunteers but not reflected herein inasmuch as the amount of the services is indeterminable.

### Income Taxes

The Ministry has received a determination letter from the Internal Revenue Service stating that the Ministry is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

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### Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

### Marketing

Marketing costs are expensed as incurred. Total marketing expense for the years ended December 31, 2020 and 2019 was \$332,126 and \$440,020, respectively.

### Functional Allocation of Expenses

The cost of providing various programs and activities has been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited on estimates made by the Ministry's management.

## 2. INVENTORY

As of December 31, 2020 and 2019, inventory amounts consist of the following:

	<u>2020</u>	<u>2019</u>
Books and guides	\$ 220,836	\$ 148,798
Apparel and jewelry	55,228	56,750
Gifts	38,358	56,272
Other	<u>38,589</u>	<u>32,316</u>
Gross Inventory	353,011	294,136
Less: inventory reserve	<u>(84,725)</u>	<u>(90,000)</u>
Inventory, Net	<u>\$ 268,286</u>	<u>\$ 204,136</u>

## 3. PLEDGES RECEIVABLE

Unconditional promises to give are recorded as receivables and revenue when received. The Ministry distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows.

Pledges are expected to be realized in the following periods:

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
In one year or less	\$ -	\$ 130,338
Between one year and five years	-	-
	<u>-</u>	<u>130,338</u>
Less:		
Allowance for uncollectible pledges	-	-
Discount	-	-
	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 130,338</u>

#### 4. INVESTMENTS

As of December 31, 2020 and 2019, the Ministry held mutual funds and fixed income bonds in the amount of \$4,034,510 and \$3,685,037, respectively. These funds are carried at fair value based on quoted prices in active markets (Level 1 investments). The net income on this investment account, \$354,407 and \$361,790, is reflected in the Statements of Activities and Changes in Net Assets for the years ended December 31, 2020 and 2019, respectively.

#### 5. PROPERTY AND EQUIPMENT

The organization records property at cost (fair value, if donated) and provides for depreciation using the straight-line method over the estimated useful life of the asset (furniture and fixtures and office equipment; five—ten years). Maintenance and repairs are expensed as paid; major renewals or betterments are capitalized. A summary of property at December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ -	\$ 319,746
Office equipment	224,708	265,857
	<u>224,708</u>	<u>585,603</u>
Less accumulated depreciation	<u>(165,140)</u>	<u>(417,315)</u>
	59,568	168,288
Assets not yet placed in service:		
Building improvements	455,977	17,897
Office technology	301,586	-
Furniture and fixtures	224,761	-
	<u>224,761</u>	<u>-</u>
Property, net	<u>\$ 1,041,892</u>	<u>\$ 186,185</u>

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

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### 6. LONG-TERM DEBT

During the year ended December 31, 2020, the Ministry obtained a loan in the amount of \$690,000 with interest accruing at 1% annually under the Payroll Protection Program of the Coronavirus Aid, Relief, and Emergency Security (CARES) Act. As of December 31, 2020, \$340,586 was due within a year and the remaining balance due in 2022. However, as of May 13, 2021, the Ministry has repaid the debt in full, including all accrued interest to date. Accrued interest on the loan as of December 31, 2020 is \$4,504.

### 7. DEFINED CONTRIBUTION PENSION PLAN

The Ministry maintains a defined contribution pension plan as defined under Section 401(k) of the U.S. Internal Revenue Code. Employees are eligible to participate after six months of service. Beginning January 2019, the Ministry matches plan contributions up to 5% of wages, excluding bonuses, overtime, and commission. Beginning January 2020, the Ministry also includes overtime in the computation of 401(k) contributions. Bonuses and commission are still excluded. Employer contributions during the years ended December 31, 2020 and 2019 were \$129,348 and \$123,597, respectively.

### 8. JOINT COSTS AND ALLOCATION METHODS

The Ministry incurs compensation and benefits expense for employees that affects program expense, supporting expense, and fundraising expense. Total compensation and benefits expense for the years ended December 31, 2020 and 2019 were \$4,436,768 and \$3,989,278, respectively. The Ministry allocated \$3,609,312 and \$3,151,530, respectively, to program expense, \$665,959 and \$598,392, respectively, to supporting services expense, and \$161,498 and \$239,356, respectively, to fundraising expense. Compensation and benefits are allocated based on a time-allocation analysis prepared by management.

### 9. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, net assets with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Building Expansion Fund	\$ 322,967	\$ 322,967
20-Something Devotions	<u>-0-</u>	<u>25,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 322,967</u>	<u>\$ 347,967</u>

The Building Expansion Fund originally included restricted funds comprised of pledges and cash contributions made by donors primarily in 2016 and 2017 toward a building expansion and purchase of land. However, the Ministry later determined that this option was no longer the best path for the Ministry, so the land was sold in 2018. During the year ended December 31, 2019, the Ministry committed to leasing a property to accommodate all employees and certain Ministry events. The Ministry moved into the leased space in the fourth quarter of 2020. As of May 13, 2021, the Ministry has purchased the new leased space and simultaneously released the net assets for this purpose.

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

### 10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets, at year end	<u>2020</u>	<u>2019</u>
	\$7,834,866	\$5,965,093
Less those unavailable for general expenditures within one year, due to:		
Subject to appropriation and satisfaction of donor restrictions	<u>(322,967)</u>	<u>(347,967)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$7,511,899</u>	<u>\$5,617,126</u>

The Ministry has \$7,511,899 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$3,336,832, receivables of \$140,557, and short-term investments of \$4,034,510.

### 11. OPERATING LEASES

The Ministry has non-cancelable operating leases for office space. Those leases generally contain renewal options and require the Ministry to pay all executory costs such as taxes, maintenance and insurance. Rental expenses amounted to \$212,002 and \$137,234 for the years ended December 31, 2020 and 2019, respectively, and is included in office expense on the Statements of Activities and Changes in Net Assets.

Lease terms for the main office building provide for a ten-year lease with two additional five-year extensions. The lease is set to expire in 2022. Terms provide for an option to purchase the building for an amount provided by the contract, which is adjusted annually. As of December 31, 2020, the Ministry has paid an additional \$70,597 towards future rent. This amount is reflected in prepaid expenses on the Statements of Financial Position.

The Ministry also leased office space at a secondary location in Matthews, North Carolina during 2020 and 2019. The lease for this office space expired in December 2020.

On January 30, 2019, the Ministry entered into a lease agreement for a new building space that was upfitted and ready for use in the fourth quarter of 2020. As of May 13, 2021, the Ministry has purchased the building, so only three payments of \$28,000 were made after December 31, 2020. Upon ownership transfer at purchase, the lease agreement was null and void.

Future minimum lease payments under operating leases as of December 31, 2020 are as follows:

Years Ending December 31:	
2021	\$148,185
2022	47,863
2023	-0-
2024	-0-
2025	-0-

### 12. CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Ministry to concentrations of credit risk, consist principally of cash, cash equivalents and mutual funds. The Ministry maintains its cash accounts with a federally insured financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the Ministry had deposits in excess of FDIC limits in the amount of \$2,921,455. The mutual funds (see Note 4) are held

# THE PROVERBS 31 MINISTRY, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

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at an investment company that is protected under the Securities Investor Protection Corporation, which provides coverage up to \$500,000, including \$250,000 in cash. At December 31, 2020, the Ministry held \$20,086 of cash in the investment company account. Management believes these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal.

### 13. CONCENTRATION OF PURCHASES

Since 2015, an e-commerce company has managed the processing and fulfillment of all resource sales and maintained most inventory. Total disbursements to this e-commerce company totaled \$1,641,148 and \$1,129,485 for the years ended December 31, 2020 and 2019.

### 14. RELATED PARTY TRANSACTIONS

During 2020 and 2019, the Ministry reimbursed travel expenses incurred by a foundation and by a nonprofit organization, both which were established by the president of the Ministry. Total travel expenses paid to this foundation and nonprofit organization total \$18,729 and \$70,854 for the years ended December 31, 2020 and 2019, respectively.

The Ministry receives contributions from members of the Executive Team and Board of Directors. Total contributions from these individuals in 2020 and 2019 were \$106,485 and \$203,851, respectively.

### 15. PRIOR PERIOD ADJUSTMENT AND NEW ACCOUNTING POLICY

During the year ended December 31, 2020, a correction was made by management to property and equipment for an asset that should have been capitalized in 2019.

Also, in order to be in accordance with *ASC Topic 606, Revenue Recognition*, which is required to be implemented by non-public entities for 2020 and future years, management adjusted their accounting policy to record deferred revenue on COMPEL subscriptions during the year ended December 31, 2020. COMPEL subscriptions may be purchased monthly, quarterly, or annually. Members purchase their subscription upfront, and the Ministry provides access to services and materials over the course of the members' subscriptions. The Ministry earns their revenue over the duration of the members' subscriptions. The Ministry is not obligated to refund subscriptions. This accounting policy was applied retrospectively. The following are the effects on the Statements of Financial Position and Statements of Activities from the new accounting policy.

	<u>As Previously</u> <u>Stated</u>	<u>As Currently</u> <u>Presented</u>
Property and equipment, net as of December 31, 2019	\$ 168,288	\$ 186,185
Deferred revenue as of December 31, 2019	119,439	177,588
Net assets without donor restriction as of December 31, 2019	5,974,474	5,934,222
Ministry training revenue for 2019	1,038,758	1,026,922
Change in net assets for 2019	1,181,452	1,187,513
Net assets, beginning of year for 2019	5,140,989	5,094,676

### 16. SUBSEQUENT EVENTS ANALYSIS

Management has evaluated subsequent events through May 13, 2021 the date on which the financial statements were available to be issued. As of May 13, 2021, the Ministry has repaid its Payroll Protection Loan in full, including the accrued interest, (see Note 6) and purchased the building it was previously leasing (see Note 11).