

OPEN AIR CAMPAIGNERS, U.S., INC.
DECEMBER 31, 2018

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<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7



WENTZEL and COMPANY, PC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Open Air Campaigners, U.S., Inc.**

We have audited the accompanying financial statements of Open Air Campaigners, U.S., Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows and functional expenses for the year 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 audit. We conducted our audit 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Open Air Campaigners U.S., Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 2 to the financial statements, in 2018 Open Air Campaigners U.S., Inc. adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Open Air Campaigners U.S., Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wentzel and Company, PC

**Fleetwood, Pennsylvania
October 16, 2019**

OPEN AIR CAMPAIGNERS, U.S., INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE INFORMATION
AS OF DECEMBER 31, 2017

ASSETS:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 621,781	\$ 313,414
Investments	30,380	36,099
Accounts Receivable	167	370
Inventory	21,620	18,882
Other Asset	125,000	125,000
Property and Equipment, Net	<u>22,869</u>	<u>33,415</u>
TOTAL ASSETS	\$ <u>821,817</u>	\$ <u>527,180</u>

LIABILITIES AND NET ASSETS:

LIABILITIES:

Actuarial Liability for Annuity Payable	\$ <u>16,900</u>	\$ <u>17,858</u>
TOTAL LIABILITIES	<u>16,900</u>	<u>17,858</u>

NET ASSETS:

Without Donor Restrictions	679,917	384,322
With Donor Restrictions	<u>125,000</u>	<u>125,000</u>
TOTAL NET ASSETS	<u>804,917</u>	<u>509,322</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>821,817</u>	\$ <u>527,180</u>

See notes to financial statements.

OPEN AIR CAMPAIGNERS, U.S., INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

SUPPORT AND REVENUE:	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>2018 TOTALS</u>	<u>2017 TOTALS</u>
Contributions	\$ 1,676,863	\$	\$ 1,676,863	\$ 1,373,116
Income, Supplies	14,195		14,195	5,060
Interest	2,353		2,353	733
Investment Return, net	<u>(2,802)</u>		<u>(2,802)</u>	<u>4,912</u>
TOTAL SUPPORT AND REVENUE	<u>1,690,609</u>	<u>0</u>	<u>1,690,609</u>	<u>1,383,821</u>
 EXPENSES:				
Program	1,165,001		1,165,001	1,176,801
Administration and General	163,968		163,968	157,328
Fundraising	<u>66,045</u>		<u>66,045</u>	<u>67,976</u>
TOTAL EXPENSES	<u>1,395,014</u>	<u>0</u>	<u>1,395,014</u>	<u>1,402,105</u>
 CHANGE IN NET ASSETS FOR THE YEAR	 295,595	 0	 295,595	 (18,284)
NET ASSETS, BEGINNING OF YEAR	<u>384,322</u>	<u>125,000</u>	<u>509,322</u>	<u>527,606</u>
NET ASSETS, END OF YEAR	<u>\$ 679,917</u>	<u>\$ 125,000</u>	<u>804,917</u>	<u>\$ 509,322</u>

See notes to financial statements.

OPEN AIR CAMPAIGNERS, U.S., INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2018</u>	<u>2017</u>
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 295,595	\$ (18,284)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	10,546	22,304
(Gains) Losses on Investment Transactions	2,930	(4,634)
(Increase) Decrease in Accounts Receivable	203	(318)
(Increase) Decrease in Inventory	(2,738)	2,263
Increase (Decrease) in Annuity Payable	<u>(958)</u>	<u>(890)</u>
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>305,578</u>	<u>441</u>
CASH PROVIDED (USED) BY INVESTING ACTIVITIES:		
(Purchases)/Sales of Investments	<u>2,789</u>	<u>2,003</u>
TOTAL CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>2,789</u>	<u>2,003</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	308,367	2,444
CASH, BEGINNING OF THE YEAR	<u>313,414</u>	<u>310,970</u>
CASH, END OF THE YEAR	<u>\$ 621,781</u>	<u>\$ 313,414</u>
Supplemental Disclosure:		
Cash Paid for Interest Expense	<u>\$ 0</u>	<u>\$ 0</u>

See notes to financial statements.

OPEN AIR CAMPAIGNERS, U.S., INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

ACCOUNT:	<u>Program</u>	<u>Administration and General</u>	<u>Fundraising</u>	<u>2018 TOTAL EXPENSES</u>	<u>2017 TOTAL EXPENSES</u>
Salaries	\$ 896,959	\$ 105,525	\$ 52,762	\$ 1,055,246	\$ 1,044,607
Payroll Taxes	54,516	6,414	3,207	64,137	64,273
Affiliation Expenses	2,335	2,335	2,001	6,671	6,818
Annuity		1,958		1,958	1,392
Depreciation	7,910	2,109	527	10,546	22,304
Evangelism Supplies	108,615			108,615	120,491
Insurance	3,768	3,391	376	7,535	7,787
Meetings	1,592	2,387		3,979	2,966
Office Supplies	22,867	8,167	1,633	32,667	34,432
Postage	2,899	3,624	724	7,247	6,440
Professional Services		7,844		7,844	7,847
Promotion	2,910	1,455	1,455	5,820	12,665
Rent	21,712	4,071	1,357	27,140	28,595
Staff Conferences	7,988	11,981		19,969	5,258
Telephone	2,214	1,771	442	4,427	4,175
Travel	28,716	936	1,561	31,213	32,055
TOTAL EXPENSES - 2018	\$ <u>1,165,001</u>	\$ <u>163,968</u>	\$ <u>66,045</u>	\$ <u>1,395,014</u>	
TOTAL EXPENSES - 2017	\$ <u>1,176,801</u>	\$ <u>157,328</u>	\$ <u>67,976</u>		\$ <u>1,402,105</u>

See notes to financial statements.

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. Organization and Nature of Activities

Open Air Campaigners, U.S., Inc. (OAC) is a nonprofit corporation dedicated to evangelism by proclaiming the Gospel in the United States of America and abroad. OAC also assists and equips local churches in effective open-air outreaches, working through field offices located throughout the United States and abroad.

2. Summary of Significant Accounting Policies

The significant accounting policies of Open Air Campaigners, U.S., Inc. are as follows:

Basis of Accounting

The financial statements of Open Air Campaigners, U.S., Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days.

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. Summary of Significant Accounting Policies, (continued)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Donated Materials and Services

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt, when reliable estimates of the fair value of such items are available. Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require special skills, and are provided by individuals possessing such specialized skills. OAC relies on the services of volunteers; however, the value of these services has not been reflected in the statement of activities since it does not meet the aforementioned recognition requirements.

Expense Allocation

Administration and general expenses include those expenses for supporting activities of the Organization that are not directly identifiable with one or more program or fundraising activities. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Those expenses include salaries, payroll taxes, affiliation, depreciation, insurance, occupancy, office supplies, postage, promotion, utilities, and travel. Salaries and payroll taxes are allocated based on estimates of time and effort; occupancy and utilities are allocated based on estimates of percentage of time the building is utilized; depreciation, office supplies, postage, printing and website are allocated based on estimates of usage.

Fair Value Measurements

The Organization adopted the provisions of ASC No. 820, Fair Value Measurements and Disclosures ("ASC 820"). ASC 820 does not require additional fair value measurements, but defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements.

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. Summary of Significant Accounting Policies, (continued)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as a public charity under Section 509(a) (1).

ASC No. 740, Income Taxes ("ASC 740") clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements, and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

There were no uncertain income tax positions identified that would have a material effect on the financial statements for the year ended December 31, 2018. With few exceptions, Open Air Campaigners, U.S., Inc. is no longer subject to federal or state income tax examinations by tax authorities for years before 2015 and there are no known examinations in progress as of the audit report date.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The organization's capitalization policy is to capitalize property and equipment when the cost exceeds \$500. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets.

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. Summary of Significant Accounting Policies, (continued)

Recent Accounting Pronouncements

During 2018, Open Air Campaigners, U.S., Inc. adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classifications.

With the adoption of ASU No. 2016-14, net assets previously presented as unrestricted have been renamed as net assets without donor restrictions, and net assets previously presented as temporarily restricted have been renamed as net assets with donor restrictions. Investment return is reported net of investment expenses on the statement of activities. Previously, the components of investment return were reported on the statement of activities and the statement of functional expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Cash and Cash Equivalents

At December 31, 2018 cash and cash equivalents consist of:

Petty Cash	\$ 650
Checking Accounts	408,039
Savings Accounts	3,751
Money Market Funds	<u>209,341</u>
Total Cash and Cash Equivalents	\$ <u>621,781</u>

**OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

4. Investments

At December 31, 2018 Investment values consist of:

	<u>Cost</u>	<u>Market</u>
Treasury Obligations –		
Money Market Funds	\$ 481	\$ 481
Exchange Traded Funds	<u>33,842</u>	<u>29,899</u>
Totals	\$ <u>34,323</u>	\$ <u>30,380</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2018:

Interest and Dividends	\$ 901
Gains (losses) on Securities Transactions	<u>(2,930)</u>
Sub-Total	(2,029)
Investment Fees	<u>(773)</u>
Total	\$ <u>(2,802)</u>

5. Liquidity and Availability of Financial Assets

The below reflects Open Air Campaigners Albania, Inc.'s financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year-end	\$ 652,328
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with time or purpose restrictions	<u>(125,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>527,328</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Organization sets a goal of having financial assets on hand to meet 30 days of normal operating expenses, which are, on average, around \$ 115,000.

**OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

6. Inventory

Inventory consists of materials held for use by evangelists and others in the course of their ministries. They are valued at the lower of cost or market on an average cost basis.

7. Other Asset

In September, 2015 a donor contributed property to the Organization, consisting of 18 acres of land and a home located in Mountain Grove, Missouri. The property is owned by the Organization with the stipulation that the donor maintains the right of possession and occupancy of the property for the remainder of his natural life. The property is designated as net assets with donor restrictions until the right of possession and occupancy is fully relinquished to the Organization.

The asset is recorded at fair value, which is determined based on realtor listings of similar properties in the same area.

8. Property and Equipment

Property and Equipment, at December 31, 2018 consists of:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	\$ 246,007	\$ 223,138	\$ 22,869
Equipment	<u>32,455</u>	<u>32,455</u>	<u>0</u>
Total	\$ <u>278,462</u>	\$ <u>255,593</u>	\$ <u>22,869</u>

Depreciation expense for the year was \$ 10,546.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are subject to the following purpose or time restrictions:

Subject to time restrictions:

Property occupied by the donor for the remainder of his life \$ 125,000

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

10. Transactions with Related Parties

Certain members of the board of directors are also officers and missionaries of OAC. As is generally the case with deputized support fund raising systems, missionaries raise funds for their own support and for a significant portion of the ministry expenses which they incur, so there is no conflict of interest in setting salaries. Expenses related to their ministries are reimbursed under an accountable reimbursable expense policy and are recorded in appropriate expense categories in the statement of functional expenses

Members of the board of directors serve without pay for service on the board.

11. Concentrations

Deposits with Financial Institutions

The Organization maintains its cash balances in financial institutions and occasionally the balances aggregate to amounts which exceed the federally insured limits. Accordingly, those balances would have been at risk of loss in the event of nonperformance by the institutions. The subject financial institutions are banks and management of the Organization does not anticipate any nonperformance.

Sources of Funding

Contributions and grants are received from many individuals, foundations and church organizations throughout the world. During the current fiscal year, five contributors represented approximately 20.3% of total gifts and grants.

12. Subsequent Events

Evaluation of Subsequent Events

Subsequent events have been evaluated through October 16, 2019. This is the date these financial statements were available to be issued.

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

13. Fair Value Measurements

The organization adopted ASC 820 as discussed in Note 2. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based upon the organizations own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement.

The following table presents information as of December 31, 2018, about the organization's financial assets and liabilities that are measured at fair value on a recurring basis, according to the valuation techniques used to determine their fair values.

	Quoted Prices in Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Other Unobservable Inputs <u>(Level 3)</u>	Total Fair Value
Assets:				
Investments:				
Money Market Funds	\$ 481	\$ 0	\$ 0	\$ 481
Exchange-Traded Funds:				
Corporate Bonds	10,103	0	0	10,103
Diversified Emerging Markets	2,282	0	0	2,282
Foreign Large Value	3,985	0	0	3,985
Large Blend	9,169	0	0	9,169
Small Value	4,360	0	0	4,359
Other Asset	<u>0</u>	<u>125,000</u>	<u>0</u>	<u>125,000</u>
Total Assets at Fair Value	\$ <u>30,380</u>	\$ <u>125,000</u>	\$ <u>0</u>	\$ <u>155,380</u>
Liabilities:				
Actuarial Liability for Annuity Payable	\$ <u>0</u>	\$ <u>16,900</u>	\$ <u>0</u>	\$ <u>16,900</u>
Total Liabilities at Fair Value	\$ <u>0</u>	\$ <u>16,900</u>	\$ <u>0</u>	\$ <u>16,900</u>