

OPEN AIR CAMPAIGNERS, U.S., INC.
DECEMBER 31, 2017

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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, 2017, 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, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Open Air Campaigners U.S., Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 21, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wentzel and Company, PC

**Fleetwood, Pennsylvania
September 4, 2018**

OPEN AIR CAMPAIGNERS, U.S., INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
WITH SUMMARIZED COMPARATIVE INFORMATION
AS OF DECEMBER 31, 2016

ASSETS:

	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 313,414	\$ 310,970
Investments	36,099	33,468
Accounts Receivable	370	52
Inventory	18,882	21,145
Other Asset	125,000	125,000
Property and Equipment, Net	<u>33,415</u>	<u>55,719</u>
TOTAL ASSETS	\$ <u>527,180</u>	\$ <u>546,354</u>

LIABILITIES AND NET ASSETS:

LIABILITIES:

Actuarial Liability for Annuity Payable	\$ <u>17,858</u>	\$ <u>18,748</u>
TOTAL LIABILITIES	<u>17,858</u>	<u>18,748</u>

NET ASSETS:

Unrestricted:		
General Fund	350,907	346,887
Net Investment in Property and Equipment	33,415	55,719
Temporarily Restricted	<u>125,000</u>	<u>125,000</u>
TOTAL NET ASSETS	<u>509,322</u>	<u>527,606</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>527,180</u>	\$ <u>546,354</u>

See notes to financial statements.

OPEN AIR CAMPAIGNERS, U.S., INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

SUPPORT AND REVENUE:	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2017 TOTALS</u>	<u>2016 TOTALS</u>
Contributions	\$ 1,373,116	\$	\$ 1,373,116	\$ 1,407,215
Income, Supplies	5,060		5,060	6,806
Interest	1,442		1,442	1,134
Gain (Loss) on Investments	<u>4,634</u>		<u>4,634</u>	<u>1,296</u>
TOTAL SUPPORT AND REVENUE	<u>1,384,252</u>	<u>0</u>	<u>1,384,252</u>	<u>1,416,451</u>
EXPENSES:				
Program	1,177,167		1,177,167	1,180,359
Administration and General	157,371		157,371	161,337
Fundraising	<u>67,998</u>		<u>67,998</u>	<u>63,301</u>
TOTAL EXPENSES	<u>1,402,536</u>	<u>0</u>	<u>1,402,536</u>	<u>1,404,997</u>
CHANGE IN NET ASSETS FOR THE YEAR	(18,284)	0	(18,284)	11,454
NET ASSETS, BEGINNING OF YEAR	<u>402,606</u>	<u>125,000</u>	<u>527,606</u>	<u>516,152</u>
NET ASSETS, END OF YEAR	<u>\$ 384,322</u>	<u>\$ 125,000</u>	<u>\$ 509,322</u>	<u>\$ 527,606</u>

See notes to financial statements.

OPEN AIR CAMPAIGNERS, U.S., INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ (18,284)	\$ 11,454
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	22,304	34,637
(Gains) Losses on Investment Transactions	(4,634)	(1,296)
(Increase) Decrease in Accounts Receivable	(318)	7,647
(Increase) Decrease in Inventory	2,263	4,913
Increase (Decrease) in Accounts Payable and Accrued Expenses	0	(3,837)
Increase (Decrease) in Annuity Payable	(890)	(826)
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>441</u>	<u>52,692</u>
CASH PROVIDED (USED) BY INVESTING ACTIVITIES:		
(Purchases)/Sales of Investments	<u>2,003</u>	<u>1,370</u>
TOTAL CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>2,003</u>	<u>1,370</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	2,444	54,062
CASH, BEGINNING OF THE YEAR	<u>310,970</u>	<u>256,908</u>
CASH, END OF THE YEAR	<u>\$ 313,414</u>	<u>\$ 310,970</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, 2017
 WITH SUMMARIZED COMPARATIVE INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2016

ACCOUNT:	<u>Program</u>	Administration and <u>General</u>	<u>Fundraising</u>	2017 TOTAL <u>EXPENSES</u>	2016 TOTAL <u>EXPENSES</u>
Salaries	\$ 887,916	\$ 104,461	\$ 52,230	\$ 1,044,607	\$ 1,023,042
Payroll Taxes	54,632	6,427	3,214	64,273	62,157
Affiliation Expenses	2,386	2,386	2,046	6,818	5,477
Annuity		1,392		1,392	924
Depreciation	16,728	4,461	1,115	22,304	34,637
Evangelism Supplies	120,491			120,491	157,472
Insurance	3,894	3,504	389	7,787	9,591
Investment Fees	366	43	22	431	410
Meetings	1,186	1,780		2,966	4,947
Office Supplies	24,102	8,608	1,722	34,432	38,150
Postage	2,576	3,220	644	6,440	6,666
Professional Services		7,847		7,847	7,878
Promotion	6,333	3,166	3,166	12,665	2,219
Rent	22,876	4,289	1,430	28,595	16,521
Staff Conferences	2,103	3,155		5,258	15,796
Telephone	2,088	1,670	417	4,175	5,107
Travel	29,490	962	1,603	32,055	14,003
TOTAL EXPENSES - 2017	\$ <u>1,177,167</u>	\$ <u>157,371</u>	\$ <u>67,998</u>	\$ <u>1,402,536</u>	
TOTAL EXPENSES - 2016	\$ <u>1,180,359</u>	\$ <u>161,337</u>	\$ <u>63,301</u>		\$ <u>1,404,997</u>

See notes to financial statements.

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

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.

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, 2016, from which the summarized information was derived.

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. Summary of Significant Accounting Policies, (continued)

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

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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.

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.

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. Summary of Significant Accounting Policies, (continued)

Income Tax Status (continued)

There were no uncertain income tax positions identified that would have a material effect on the financial statements for the year ended December 31, 2017. 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 2014 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.

Restricted and Unrestricted Revenue and Support

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. These funds are designated, but not restricted, by donors for the ministry of individuals or for use on particular projects. Funds received by donors for use in particular fields of ministry are used in those fields, but, in accordance with provisions of the Internal Revenue Code, the board reserves the right to redirect funds to specific projects or programs within that field of ministry. Funds designated by donors for use in particular fields are generally spent in the year received. Contributions are recorded when cash is received or when ownership of donated assets is transferred. Bequests are recorded at the time the organization has an established right to the bequest and the proceeds are measurable.

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. Summary of Significant Accounting Policies, (continued)

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, 2017 cash and cash equivalents consist of:

Petty Cash	\$ 650
Checking Accounts	218,204
Savings Accounts	11,938
Money Market Funds	<u>82,622</u>
Total Cash and Cash Equivalents	\$ <u>313,414</u>

4. Investments

At December 31, 2017 Investment values consist of:

	<u>Cost</u>	<u>Market</u>
Treasury Obligations –		
Money Market Funds	\$ 3,150	\$ 3,150
Equities	2,910	4,268
Mutual Funds	3,352	3,625
Exchange Traded Funds	<u>22,991</u>	<u>25,056</u>
Totals	\$ <u>32,403</u>	\$ <u>36,099</u>

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

4. Investments, (continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2017:

Interest and Dividends	\$	709
Gains (losses) on Securities Transactions		<u>4,634</u>
Sub-Total		5,343
Investment Fees		<u>(431)</u>
Total	\$	<u>4,912</u>

5. 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.

6. 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 temporarily restricted net assets 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.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2017 consist of the following:

Donated Property	\$	<u>125,000</u>
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**OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. Property and Equipment

Property and Equipment, at December 31, 2017 consists of:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	\$ 246,007	\$ 212,592	\$ 33,415
Equipment	<u>32,455</u>	<u>32,455</u>	<u>0</u>
Total	\$ <u>278,462</u>	\$ <u>245,047</u>	\$ <u>33,415</u>

Depreciation expense for the year was \$ 22,304.

9. Transactions with Related Parties

Certain members of the board of directors are also officers and missionaries of OAC. Salaries for these individuals are paid under the faith support system described in Note 2, so there is no conflict of interest in setting salaries. Expenses 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.

10. 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 9.8% of total gifts and grants.

OPEN AIR CAMPAIGNERS, U.S., INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

11. Subsequent Events

Evaluation of Subsequent Events

Subsequent events have been evaluated through September 4, 2018. This is the date these financial statements were available to be issued.

12. 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, 2017, 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 (Level 1)	Other Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Investments:				
Money Market Funds	\$ 3,150	\$ 0	\$ 0	\$ 3,150
Equities – Common Stocks	4,268	0	0	4,268
Mutual Funds – Equities	3,625	0		3,625
Exchange-Traded Funds:				
Bonds	6,566	0	0	6,566
Bank Loans	2,450	0	0	2,450
International Equities	5,693	0	0	5,693
United States Equities	10,347	0	0	10,347
Other Asset	<u>0</u>	<u>125,000</u>	<u>0</u>	<u>125,000</u>
Total Assets at Fair Value	\$ <u>36,099</u>	\$ <u>125,000</u>	\$ <u>0</u>	\$ <u>161,099</u>
Liabilities:				
Actuarial Liability for Annuity Payable	\$ <u>0</u>	\$ <u>17,858</u>	\$ <u>0</u>	\$ <u>17,858</u>
Total Liabilities at Fair Value	\$ <u>0</u>	\$ <u>17,858</u>	\$ <u>0</u>	\$ <u>17,858</u>