

Messianic Jewish Bible Institute, Inc.

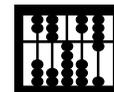
Combined Financial Statements

Year Ended March 31, 2017
(With Summarized Comparative Financial
Information for the Three Months Ended March 31, 2016)

Messianic Jewish Bible Institute, Inc.
Combined Financial Statements
March 31, 2017
(With Summarized Comparative Financial
Information for the Year Ended March 31, 2016)

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
<i>Combined Financial Statements</i>	
Combined Statements of Financial Position	2
Combined Statement of Activities and Changes in Net Assets	3
Combined Statements of Cash Flow	4
Combined Schedule of Functional Expenses	5
Notes to the Combined Financial Statements	6



Independent Auditor's Report

Board of Directors
Messianic Jewish Bible Institute, Inc.

I have audited the combined accompanying financial statements of Messianic Jewish Bible Institute, Inc. , which comprise the combined statements of financial position as of March 31, 2017 and 2016, and the related combined statements of activities and changes in net assets for the years ended March 31, 2017 and March 31, 2016, and the combined statements of cash flows for the years ended March 31, 2017 and March 31, 2016, 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. Management is also responsible 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Messianic Jewish Bible Institute, Inc. as of March 31, 2017 and 2016, its support and revenues collected and expenses paid during the periods then ended in accordance with the accounting principles generally accepted in the United States of America.

Steven C Butler, CPA

Flower Mound, Texas
July 14, 2017

MESSIANIC JEWISH BIBLE INSTITUTE, INC.
Combined Statements of Activities and Changes in Net Assets
For the Year Ended March 31, 2017
with Summarized Comparative Totals for the Year Ended March 31, 2016

	<u>Year Ended March 31, 2017</u>			<u>Year Ended March 31, 2016</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Revenue, Support and Gains				
Contributions and grants	1,160,967	225,915	\$ 1,386,882	\$ 1,482,144
In-kind contributions	5,179	-	5,179	-
Special events revenue, net of direct costs	97,224	-	97,224	86,844
Investment income	394	-	394	12
Product sales, net of costs	2,196	-	2,196	(924)
On-line training programs	7,973	-	7,973	10,140
Other revenue	1,112	-	1,112	1,390
Educational tour revenue, net of direct costs	14,648	-	14,648	-
Net assets released from restrictions	192,316	(192,316)	-	-
	<u>1,482,009</u>	<u>33,599</u>	<u>1,515,608</u>	<u>1,579,606</u>
Expenses				
Program services:				
Education and schools	1,110,386	-	1,110,386	1,338,020
Fundraising	97,594	-	97,594	107,295
General and administrative	202,237	-	202,237	166,134
	<u>1,410,217</u>	<u>-</u>	<u>1,410,217</u>	<u>1,611,449</u>
Change in net assets	71,792	33,599	105,391	(31,843)
Net assets, at beginning of year	91,390	27,687	119,077	150,920
Net Assets, at End of Year	<u>\$ 163,182</u>	<u>\$ 61,286</u>	<u>\$ 224,468</u>	<u>\$ 119,077</u>

See notes to the financial statements

MESSIANIC JEWISH BIBLE INSTITUTE, INC.
Combined Statements of Cash Flows
for the Years Ended March 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Contributions received	\$ 1,419,364	\$ 1,443,856
Cash received from special events	225,207	182,270
Cash received from item sales	2,196	7,016
Cash received from on-line training	7,973	10,140
Cash paid for operations and programs	(1,357,785)	(1,635,416)
Cash paid for special events	(127,983)	(43,176)
Cash paid for items sold	(2,782)	(7,940)
Cash received from other income	1,506	1,402
Net cash provided by operating activities	167,696	(41,848)
Cash Flows from Investing Activities:		
Purchase of equipment	(24,686)	(6,332)
Net cash provided (utilized) by investing activities	(24,686)	(6,332)
Net increase in cash and cash equivalents	143,010	(48,180)
Cash at the beginning of the year	37,562	85,742
Cash at the end of the year	\$ 180,572	\$ 37,562
Cash Flows from Operating Activities:		
Change in net assets	\$ 105,391	\$ (31,843)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,332	19,196
Non-Cash adjustment to receivables	-	-
(Increase) in contributions receivable	27,303	(38,288)
(Increase) in inventory	(3,451)	(1,227)
(Increase) decrease in prepaid expenses	14,429	(9,354)
Increase (decrease) in accounts payable	2,183	-
Increase (decrease) in sales tax payable	(36)	18
Increase (decrease) in deferred revenue	(10,000)	-
Increase (decrease) in accrued expenses	19,545	19,650
Net cash provided by operating activities	\$ 167,696	\$ (41,848)

See notes to the financial statements

MESSIANIC JEWISH BIBLE INSTITUTE, INC.
Combined Schedule of Functional Expenses
Year Ended March 31, 2017

With Summarized Comparative Totals for the Year Ended March 31, 2016

	Year Ended March 31, 2017			Year Ended March 31, 2016	
	Education and Schools	General and Administrative	Fundraising	Totals	Totals
Salaries	\$ 466,506	\$ 116,029	\$ 52,632	\$ 635,167	\$ 777,864
Payroll Taxes	29,496	9,988	2,807	42,291	52,195
Insurance	1,435	679	213	2,327	5,137
Advertising and promotion	4,820	-	8	4,828	7,231
Bank charges	-	2,635	-	2,635	2,356
Computer supplies	2,911	5,447	145	8,503	8,897
Conferences	4,033	180	1,650	5,863	4,989
Contract labor	230,196	8,790	4,743	243,729	158,149
Contribution processing fees	1,984	12,070	-	14,054	13,173
Depreciation	-	12,333	-	12,333	19,196
Donations	3,235	3,865	929	8,029	3,050
Dues and subscriptions	-	1,001	-	1,001	1,256
Education and training	2,805	16	-	2,821	5,895
Events and hospitality	-	-	12,216	12,216	32,538
Office expenses	7,286	1,338	1,026	9,650	10,279
Postage and shipping	16,953	300	3,102	20,355	16,489
Printing and visual media	9,133	-	3,806	12,939	45,111
Professional fees	7,563	12,939	1,800	22,302	24,516
Leases and rentals	42,240	9,422	4,647	56,309	55,725
Telephone	3,107	981	336	4,424	5,020
Internet and website fees	16,897	1,447	1,209	19,553	28,916
Travel	59,058	1,273	6,325	66,656	44,950
Utilities	-	1,504	-	1,504	1,460
Direct school support	200,728	-	-	200,728	287,057
	\$ 1,110,386	\$ 202,237	\$ 97,594	\$1,410,217	\$ 1,611,449

See notes to the financial statements

Messianic Jewish Bible Institute, Inc.
Notes to Combined Financial Statement

1 - Nature of Organization

Messianic Jewish Bible Institute, Inc., (the "Institute") is a multi-dimensional evangelistic and educational organization to people of the Jewish heritage. The Institute's primary activities are to equip leaders who will establish Messianic Jewish congregations and ministries in Jewish communities worldwide, and to equip those leaders in their responsibility to the Jewish people through training, events, and seminars. The Institute supports Bible schools, congregations, outreach and humanitarian aid works. The Institute's administrative office is located in Euless, Texas and the Institute supports schools in Brazil, Argentina, Israel, Ethiopia, Russia, Hungary and the Ukraine.

The accompanying combined financial statements include the financial information of the Ministry and the Messianic Jewish Fund (the "Fund") (collectively the "Ministry"). The Fund was established as a Texas not-for-profit corporation organized and operating exclusively as a support organization for the benefit of the Ministry. The Fund provides support to the Ministry by administering investments for the growth, operations and improvement of the Ministry.

Programs

The Ministry pursues its objectives through the execution of these major programs:

Education and schools - Equip leaders who will establish Messianic Jewish congregations, and equip the Church in its responsibility to the Jewish people through training, events and seminars.

School of Messianic Theology ("SMT") - The SMT seeks to equip believers on any level to expand knowledge of the Scriptures as well as to bring a new, deeper understanding. The online curriculum helps educate Jewish believers and Christians in their roles in ministry and personal life. The SMT exists to serve the Ministry's mandate to train leaders for Messianic Jewish Congregations that are culturally relevant to Jewish people. Our secondary purpose is to help educate the Church on God's heart for the Jewish people and understanding of what God is doing among Messianic Jews.

The Ministry and the Fund were incorporated under the laws of the State of Texas and are approved as a tax-exempt organizations under Section 501(c) (3) of the Internal Revenue Code.

2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying combined financial statements are in accordance with the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Presentation of Financial Statements. Under FASB

Messianic Jewish Bible Institute, Inc.
Notes to Combined Financial Statement

2 - Summary of Significant Accounting Policies – continued

ASC 958-205, the Ministry 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.

Principles of Combination

The combined financial statements include the accounts of the Institute and the Fund. All significant accounts and transactions between the Institute and the Fund have been eliminated in combination.

Cash Equivalents

The Ministry defines cash and cash equivalents to be all highly liquid investments with an original maturity of three months or less.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Management provides for estimated uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for uncollectible pledges based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible pledges and a credit to the applicable contribution receivable.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the combined financial statements and the reported amounts of revenue and expenses during the respective years. Actual results could differ from these estimates.

Inventories

Inventories, which consist primarily of digital video, compact disks and religious items, are valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Donated items are recorded at estimated fair value at the date of donation.

Messianic Jewish Bible Institute, Inc.
Notes to Combined Financial Statement

2 - Summary of Significant Accounting Policies – continued

Contributions

The Ministry reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets. Restricted gifts of cash and other assets whose restrictions are met in the same reporting period are reported as unrestricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as unrestricted revenues.

Donated property is recorded at fair market value on the date of receipt in the appropriate investment, expense or equipment account. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. Contributed services that do not meet these criteria are not recognized as revenue.

Deferred Revenue

The Ministry received a contribution in advance towards the 2016 annual banquet. This amount will be recognized as contribution revenue in the next fiscal year.

Advertising

Advertising costs are expensed as incurred. Advertising expenses were \$4,828 and \$7,231 for the year ended March 31, 2017 and 2016, respectively.

Comparative Prior Year Information

The combined statements of activities and changes in net assets and statements of functional expenses for the year ended March 31, 2016 include certain summarized financial information in total but not by net asset class or program category for purposes of comparison to 2016 information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Ministry's combined financial statements for the year ended March 31, 2016, from which the summarized information was derived.

Property and Equipment

Property and equipment purchased for schools outside of the United States are utilized by the local schools and congregations and are charged to operations when incurred. Property and equipment other than that purchased for schools are recorded at acquisition cost. The Ministry capitalizes assets with a cost greater than \$1,000. Maintenance and repairs are charged to operations when incurred. Depreciation is computed on a straight-line method

Messianic Jewish Bible Institute, Inc.
Notes to Combined Financial Statement

over estimated useful lives of 5 to 7 years. Depreciation expense included in the financial statements was \$ 12,332 and \$ 19,196 for the years ending March 31, 2017 and 2016, respectively.

Tax Status

The Ministry and Fund are exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code, as organizations other than a private foundation. Therefore, no provision for income taxes is made in the accompanying combined financial statements.

The Ministry follows the guidance under FASB ASC Topic No. 740, Income Taxes, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain in tax positions taken or expected to be taken in income tax returns. Management believes that it has not taken a tax position that, if challenged, would have a material effect on the Ministry's combined financial statements. The Institute and Fund file Form 990 in the United States federal jurisdiction within the United States and as of March 31, 2017, the Institute's and Fund's tax returns related to the years ended December 31, 2014 through 2016 remain open to possible examination by the Internal Revenue Service, however no tax returns are currently under examination.

Reclassifications

Certain 2016 amounts have been reclassified to conform to the 2017 presentation.

3 - Contributions Receivable

As of March 31, 2017, contributions receivable are expected to be collected as follows:

Due in one year	\$ 37,572
Less: estimated uncollectible accounts	<u>(26,587)</u>
Total	\$ <u>10,985</u>

4 - Joint Costs

The Ministry incurred joints costs of \$ 32,294 and \$ 61,600 relating to publications and media of which \$ 26,086 and \$ 25,046 was allocated to program expense and \$ 6908 and \$ 36,554 to fund raising expense for the years ended March 31, 2017 and 2016, respectively, based upon the percentage of fund raising appeal space included in publications.

5 - Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Messianic Jewish Bible Institute, Inc.
Notes to Combined Financial Statement

6 - In-Kind Contributions

Donated property, marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Ministry.

The Ministry receives donated prizes for special events, catering and other goods and services. In addition, many individuals have donated significant amounts of their time in organizational governance, program services and resource development efforts. No amounts have been reflected in the financial statements for these volunteer services since they did not meet the criteria for recognition.

7 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of December 31:

	<u>2017</u>	<u>2016</u>
Russia project	\$ 61,286	\$ 17,957
SMT Amharic Translation project	-	9,730
	<u>\$ 61,286</u>	<u>\$ 27,687</u>

8 - Lease Obligation

The Ministry is the lessee of office space under a commercial real estate lease expiring in March 2020.

Minimum future lease payments under the lease as of March 31, 2017:

2017	\$ 52,276
2018	49,975
2019	41,469
2020	31,575
	<u>\$ 175,295</u>

9 - Retirement Plan

The Ministry maintains a 403(b) defined contribution retirement plan for the benefit of its employees who have attained 21 years of age and have completed 90 days of service. The Ministry may make discretionary contributions to the plan. There were no contributions for the years ended March 31, 2017 and March 31, 2016.

Messianic Jewish Bible Institute, Inc.
Notes to Combined Financial Statement

10 - Special Events

The Ministry conducted their annual banquet in the State of Texas. The banquet raised a total of \$ 215,207 and \$ 162,270 with related expenses of \$ 117,983 and \$43,176 for the year ended March 31, 2017 and the three months ended March 31, 2016, respectively.

11 – Related Party Transactions

Beginning October 1, 2015, the Organization began paying management fees to Axum Ventures, L.L.C., an organization owned by the Executive Director of the Messianic Jewish Bible Institute, Inc. These fees represented the compensation of the Executive Director for his services to the Organization. For the year ending March 31, 2017, \$88,890 in fees and \$7,500 in housing allowance paid for the period.

12- Evaluation of Subsequent Events

The Ministry has evaluated subsequent events through July 14, 2017 the date which the combined financial statements were available to be issued.