

EQUIP, INC.  
DBA EQUIP, INTERNATIONAL  
MARION, NORTH CAROLINA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

EQUIP, INC  
DBA EQUIP, INTERNATIONAL  
MARION, NORTH CAROLINA

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SUZAN H. SLUDER CPA PA

**Suzan H. Sluder, CPA PA**  
Audit, Tax and Accounting

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Equip, Inc. dba Equip, International  
Marion, North Carolina

I have audited the accompanying financial statements of Equip, Inc. dba Equip, International (a non-profit organization) which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, 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*

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

*Opinion*

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Equip, Inc. dba Equip, International as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Arden, North Carolina  
October 12, 2021

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**EQUIP, INC.**  
**DBA EQUIP INTERNATIONAL**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

**ASSETS**

	<b>2020</b>	<b>2019</b>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 253,761	\$ 228,698
Cash and cash equivalents-restricted	252,530	
Certificates of deposit		402,701
Certificates of deposit-restricted	570,791	575,005
Investments	342,449	
Receivable from Equip-Canada	10,828	9,607
Sales tax receivable	1,397	967
Prepaid insurance	7,445	6,712
Total Current Assets	1,439,201	1,223,690
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Land and land improvements	99,203	99,203
Buildings	454,008	454,008
Furnitures and fixtures	77,453	70,321
Computers	3,233	3,233
Vehicles	32,169	32,169
Accumulated depreciation	(212,504)	(196,187)
Total Property and Equipment, net	453,562	462,747
<b>TOTAL ASSETS</b>	<b>\$ 1,892,763</b>	<b>\$ 1,686,437</b>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 800	\$ 12,205
Deferred revenue - tuition	2,700	8,640
Total Current Liabilities	3,500	20,845
<b><u>NET ASSETS</u></b>		
Without donor restrictions:		
Undesignated	397,560	346,866
Designated	214,820	280,974
Investment in property and equipment	453,562	462,747
Total net assets without donor restrictions	1,065,942	1,090,587
With donor restrictions	823,321	575,005
Total Net Assets	1,889,263	1,665,592
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,892,763</b>	<b>\$ 1,686,437</b>

The accompanying notes are an integral part of these financial statements.

**EQUIP, INC.**  
**DBA EQUIP INTERNATIONAL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>			
Contributions	\$ 146,099	\$ 1,936,966	\$ 2,083,065
Tuition and deposits	48,415		48,415
Book sales	590		590
Rental income	12,000		12,000
Interest income	18,916		18,916
Net assets released from restrictions:			
Missionaries and specific projects	1,688,650	(1,688,650)	0
Total revenue and support	<u>1,914,670</u>	<u>248,316</u>	<u>2,162,986</u>
<b>EXPENSES:</b>			
Program services	1,320,058		1,320,058
Management and general	547,239		547,239
Fundraising	72,018		72,018
Total expenses	<u>1,939,315</u>		<u>1,939,315</u>
Increase (decrease) in net assets	(24,645)	248,316	223,671
Net assets at beginning of year	<u>1,090,587</u>	<u>575,005</u>	<u>1,665,592</u>
Net assets at end of year	<u>\$ 1,065,942</u>	<u>\$ 823,321</u>	<u>\$ 1,889,263</u>

The accompanying notes are an integral part of these financial statements.

**EQUIP, INC.**  
**DBA EQUIP INTERNATIONAL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>			
Contributions	\$ 217,488	\$ 1,453,533	\$ 1,671,021
Tuition and deposits	123,400		123,400
Book sales	1,480		1,480
Rental income	6,000		6,000
Interest income	19,383		19,383
Net assets released from restrictions:			
Missionaries and specific projects	1,411,064	(1,411,064)	0
Total revenue and support	<u>1,778,815</u>	<u>42,469</u>	<u>1,821,284</u>
<b>EXPENSES:</b>			
Program services	1,220,843		1,220,843
Management and general	462,083		462,083
Fundraising	50,984		50,984
Total expenses	<u>1,733,910</u>		<u>1,733,910</u>
Increase (decrease) in net assets	44,905	42,469	87,374
Net assets at beginning of year	<u>1,045,682</u>	<u>532,536</u>	<u>1,578,218</u>
Net assets at end of year	<u>\$ 1,090,587</u>	<u>\$ 575,005</u>	<u>\$ 1,665,592</u>

The accompanying notes are an integral part of these financial statements.

**EQUIP, INC.**  
**DBA EQUIP INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management and General	Fundraising	Total
Wages and missionary support	\$ 664,534	\$ 383,867	\$ 35,673	\$ 1,084,074
Payroll taxes	46,293	22,848	3,389	72,530
Benefits	33,528	8,915		42,443
Other health care costs	11,117	2,217		13,334
Travel	28,957	2,288	352	31,597
Housing and set up	4,910	761		5,671
Food costs	102,912	449	30,204	133,565
Utilities	4,342	15,879		20,221
Rent	708			708
Textbook expense	1,082	618		1,700
Training Nationals/Scholarship	20,101			20,101
Training	14,436			14,436
Training/Honorarium	60,251			60,251
Benevolence	9,121			9,121
Work fund		1,310		1,310
Office supplies	4,838	4,758	67	9,663
Postage and shipping	905	7,455		8,360
Computer/software	2,201	7,164		9,365
Printing and artwork	2,247	613	10	2,870
Promotion	1,640	12,003	2,323	15,966
Development		800		800
Animal - Feed & Supplies	6,759			6,759
Garden Supplies	4,634	341		4,975
Equipment and building rent	2,411	1,822		4,233
Equipment and building maintenance	30,596	12,376		42,972
Building supplies	24,253			24,253
Insurance		20,635		20,635
Vehicle expense	5,176	1,711		6,887
Conferences	3,069	3,115		6,184
Professional services accounting auditing		7,100		7,100
Professional services management consulting		219		219
Payroll professional services		3,143		3,143
Professional services- software support	2,449	16,000		18,449
Legal expenses	10,810	264		11,074
Bank charges	1,546	3,328		4,874
Licenses and permits	640			640
Dues and registrations	445	2,156		2,601
Other expense - field	196,394			196,394
Other expense - homeland	883			883
Life insurance		2,060		2,060
Other missionary field expenses		481		481
Other	43	53		96
Total expenses before depreciation	<u>1,304,231</u>	<u>546,749</u>	<u>72,018</u>	<u>1,922,998</u>
Depreciation and amortization	<u>15,827</u>	<u>490</u>		<u>16,317</u>
Total functional expenses	<u>\$ 1,320,058</u>	<u>\$ 547,239</u>	<u>\$ 72,018</u>	<u>\$ 1,939,315</u>

The accompanying notes are an integral part of these financial statements.

**EQUIP, INC.**  
**DBA EQUIP INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages and missionary support	\$ 658,742	\$ 262,880	\$ 42,423	\$ 964,045
Payroll taxes	42,280	18,401	3,245	63,926
Benefits	42,491	12,890		55,381
Other health care costs	9,252	640		9,892
Travel	34,417	14,880		49,297
Housing and set up	5,169	2,815	168	8,152
Food costs	56,940	3,227	446	60,613
Medicine	199			199
Utilities	4,581	17,548		22,129
Textbook expense	14,991	612	209	15,812
Training Nationals/Scholarship	86,649			86,649
Benevolence	7,325			7,325
Office supplies	3,873	6,475		10,348
Postage and shipping	3,782	6,120	528	10,430
Computer/software	289	8,038		8,327
Printing and artwork	3,864	681	78	4,623
Promotion	1,760	7,625	840	10,225
Equipment and building purchases	13,125	755		13,880
Equipment and building rent	1,508	2,245		3,753
Equipment and building maintenance	28,843	13,880		42,723
Building supplies	6,886			6,886
Insurance		14,385		14,385
Vehicle expense	8,304	2,280	243	10,827
Conferences	5,544	8,927	2,255	16,726
Professional services-accounting audit		7,100		7,100
Professional services - management consulting		1,194	532	1,726
Payroll professional services		2,832		2,832
Professional services- software support	4,811	17,669		22,480
Legal expenses	2,895	3,523		6,418
Bank charges	1,099	1,295		2,394
Licenses and permits	218	20		238
Dues and registrations	7,220	4,295		11,515
Other expense - field	130,058	11,349		141,407
Other expense - homeland	1,395	2,097		3,492
Life insurance		2,022		2,022
Other missionary field expenses	17,714	1,007	17	18,738
Other	19			19
Total expenses before depreciation	<u>1,206,243</u>	<u>459,707</u>	<u>50,984</u>	<u>1,716,934</u>
Depreciation and amortization	<u>14,600</u>	<u>2,376</u>		<u>16,976</u>
Total functional expenses	<u>\$ 1,220,843</u>	<u>\$ 462,083</u>	<u>\$ 50,984</u>	<u>\$ 1,733,910</u>

The accompanying notes are an integral part of these financial statements.



**EQUIP, INC.**  
**DBA EQUIP INTERNATIONAL**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Increase (decrease) in net assets	\$ 223,671	\$ 87,374
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation and amortization	16,317	16,976
(Increase) decrease in assets:		
Receivable from Equip - Canada	(1,221)	(30)
Sales tax receivable	(430)	
Prepaid insurance	(733)	(6,712)
Increase (decrease) in liabilities:		
Accounts payable	(11,405)	(498)
Deferred revenue	(5,940)	4,860
	<u>220,259</u>	<u>101,970</u>
<b><u>CASH FLOWS FROM INVESTMENT ACTIVITIES</u></b>		
Investment in property & equipment	(7,132)	(9,760)
Purchase of investments	(342,449)	
Proceeds from redemption of certificates of deposit	406,915	(509,998)
	<u>57,334</u>	<u>(519,758)</u>
Net cash provided by (used for) investment activities		
Net increase (decrease) in cash and cash equivalents	277,593	(417,788)
Cash and cash equivalents, beginning of year	<u>228,698</u>	<u>646,486</u>
Cash and cash equivalents, end of year	<u>\$ 506,291</u>	<u>\$ 228,698</u>

The accompanying notes are an integral part of these financial statements.

**EQUIP, INC.**  
**DBA EQUIP, INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

Ministry Overview

Equip, Inc dba Equip, International “Organization” is a non-profit, non-denominational Christian ministry headquartered in Marion, North Carolina. The Organization embraces an understanding of the Scriptures which clearly recognizes that the response of the believer to human need is an integral part of the Gospel. The love of Christ in us and through us must be demonstrated as well as heard as we bear witness.

Their mission, therefore, is to prepare, send and support evangelical missionaries to assist the church around the world to be:

- Responsive to the poor
- Sensitive to the Holy Spirit
- Focused on personal evangelism
- Practically engaged in strengthening the Body of Christ

Estimates

The preparation of financial statements in conformity with US 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.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

**EQUIP, INC.**  
**DBA EQUIP, INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of six months or less.

Net Assets

Board-Designated Net Assets

Net assets without donor restrictions are subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other use.

Donor-Imposed Restrictions on Net Assets

A donor stipulation that specifies a use for a contributed asset that is more specific than board limits resulting from the following:

1. The nature of the not-for-profit entity
2. The environment in which it operates
3. The purpose specified in its articles of incorporation or bylaws or comparable documents for an unincorporated association.

Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual, for example, stipulating that resources be invested in perpetuity. Laws may extend those limits to investment returns from and other enhancements (diminishments) of those resources, thus extending donor-imposed restrictions (donors include other types of contributors, such as grantors).

Income Tax Status

The Organization is exempt from federal income tax under Section 501 (c) 3 of the Internal Revenue Code and is classified as a public charity under Section 509 (a) (2) of the Code and therefore has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for the year ended December 31, 2020 and 2019.

**EQUIP, INC.**  
**DBA EQUIP, INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Non-Cash Contributions and Donated Services**

Donated property, marketable securities, and other noncash donations are recorded as contributions at their estimated market value at the date of donation. Unpaid volunteers have made contributions of their time and services in assisting the Organization in its daily operations. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

**Support and Revenue Recognition**

Support restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions.

**Fixed Assets and Depreciation**

Acquisitions of equipment and improvements are stated at cost except for donated equipment, which is stated at fair market value at date of receipt. It is the Organization's policy to capitalize expenditures or donations of these items with values or costs in excess of \$5,000. Items of lesser amounts are expensed. Depreciation is computed annually using the straight-line method over the assets' estimated useful lives. Maintenance and repairs are charged to operating expense as incurred. Cost of renewals and betterments, which materially extend the useful lives of the assets or increase their productivity, are capitalized. Depreciation expense for the years ended December 31, 2020 and 2019 was \$ 16,317 and \$ 16,976, respectively.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization does not conduct activities that include fundraising appeals combined with program and support activities.

**EQUIP, INC.**  
**DBA EQUIP, INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Advertising**

Advertising or promotion costs are expensed as incurred. Promotion expense was \$ 15,966 and \$ 10,225 for the years ended December 31, 2020 and 2019, respectively.

**Accounts receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance 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 valuation allowance and a credit to the applicable accounts receivable. Management's assessment of accounts receivable at December 31, 2020 and 2019 determined that all accounts receivable were considered collectible. Accordingly, there was no provision for bad debt expense or related adjustment to the valuation allowance account for the year ended December 31, 2020 and 2019.

**NOTE B – CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) for balances up to \$ 250,000. At certain times, the Organization's bank balances may exceed the FDIC limit. The Organization has not experienced any losses in those accounts.

**NOTE C – RELATED PARTY TRANSACTIONS**

**Joint Venture**

The Organization participates in a joint venture through a Joint Ministry Agreement with Equipping Christian Workers Society (Equip-Canada), based in Victoria, British Columbia. Both organizations share the same purpose. The Founder of the Organization is also the Chaplain of Equip-Canada. The Organization provides administrative services on behalf of Equip-Canada during the year. The type of services and related consideration were provided as follows:

For the year ending December 31, 2020:

Salaries and related expenses	\$ 36,373	(C\$ 48,795 in Canadian Dollars)
Travel, office and promotion	\$ 4,386	(C\$ 5,884 in Canadian Dollars)

**EQUIP, INC.**  
**DBA EQUIP, INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE C – RELATED PARTY TRANSACTIONS (CONTINUED)**

**Joint Venture (Continued)**

At December 31, 2020, Equip-Canada owed the Organization \$ 10,858 (C\$ 13,786 in Canadian Dollars).

For the year ending December 31, 2019:

Salaries and related expenses	\$ 33,774 (C\$ 44,814 in Canadian Dollars)
Travel, office and promotion	\$ 2,454 (C\$ 3,256 in Canadian Dollars)

At December 31, 2019, Equip-Canada owed the Organization \$ 9,607 (C\$ 12,747 in Canadian Dollars).

**Board Member Contributions**

Contributions from the Organization's board of directors totaled \$ 19,082 and \$ 12,550 for the years ended December 31, 2020 and 2019, respectively.

**Employment**

The son of the President is employed by the Organization as a missionary. His salary was \$ 72,688 and \$ 21,154 for the years ended December 31, 2020 and 2019, respectively. His ministry support fund balances were \$ 37,501 and \$ 12,837 as of December 31, 2020 and 2019, respectively. He cannot exercise control nor does he have a position of influence over the Organization.

**NOTE D – DEFERRED REVENUE**

Deferred revenues result from current year collections of tuition pertaining to training courses offered by the Organization in the following year. The revenues collected for the following year's courses by December 31, 2020 and 2019 totaled \$ 2,700 and \$ 8,640, respectively.

**NOTE E – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES – RISK MANAGEMENT**

The Organization is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Organization carries commercial insurance coverage for risks of loss.

**EQUIP, INC.**  
**DBA EQUIP, INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE F – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 12, 2021, which is the date the financial statements were available to be issued.

**NOTE G – NET ASSETS**

Net assets with donor restrictions at December 31, 2020 and 2019 were available for the benefit of specific missionaries or projects. The total net assets with donor restrictions at December 31, 2020 and 2019 were \$ 823,321 and \$ 575,005, respectively. The Organization assesses administrative fees of 15% from general missionary contributions and 10% of project contributions.

Net assets without donor restrictions- designated at December 31, 2020 and 2019 were comprised for the following purposes:

	<u>2020</u>	<u>2019</u>
Memorial Fund	\$ 178,001	\$ 228,417
Training	<u>36,819</u>	<u>52,557</u>
Total net assets without donor restrictions – designated	<u>\$ 214,820</u>	<u>\$ 280,974</u>

**NOTE H – LEASES**

*Equipment*

The Organization has a non-cancelable operating lease for office equipment that will expire in March 2021. This lease requires the Organization to pay all executory costs such as taxes, maintenance, and insurance. Rental expenses for this lease consisted of \$ 4,405 and \$ 5,457 for the years ended December 31, 2020 and 2019, respectively.

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

Year Ending December 31:	
2020	\$ 2,170
2021	
2022	
2023	
2024	<u>                    </u>
Total	<u>\$ 2,170</u>

**EQUIP, INC.**  
**DBA EQUIP, INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE H – LEASES (CONTINUED)**

*Property Lease and Commitment*

On July 6, 2020 the Organization entered into an agreement to lease an unfurnished residential dwelling that it owns to an employee as housing provided in exchange for caretaking duties performed by that employee for a one-year term commencing on June 1, 2020. The Organization did not receive any cash payments under this lease for the year ended December 31, 2020. This lease is a continuation in terms of the lease entered into on June 20, 2019 regarding the same property. The rental value of the leased property was \$ 12,000 and \$ 6,000 for the years ended December 31, 2020 and December 31, 2019, respectively.

**NOTE I – LINE OF CREDIT**

The Organization established a line of credit for working capital through Edward Jones with maximum borrowings allowed totaling \$ 106,233. The line is unsecured. Interest payments are due monthly on any outstanding withdrawals and accrue interest at 5.25% per annum. At December 31, 2020 and 2019, respectively, there were no outstanding borrowings.

**NOTE J – INCOME TAXES**

*Open Tax Years*

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2017, 2018, and 2019, are subject to examination by the IRS, generally for 3 years after they are filed.

*Uncertain Tax Positions*

The Organization is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code, except on income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken and as such, does not have any uncertain tax positions that are material to the financial statements.



**EQUIP, INC.**  
**DBA EQUIP, INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE K – FAIR VALUE MEASUREMENTS**

The Organization follows Financial Accounting Standards Board (FASB) ASC 820 *Fair Value Measurements and Disclosures* which established a fair value hierarchy to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions. The fair value hierarchy consists of the following three levels:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; and inputs that are derived principally from or corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of each financial instrument was measured using FASB ASC 820 input guidance and valuation techniques.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2020 and December 31, 2019:

*Certificates of Deposit, Annuities and Mutual Funds* - These investments are public investment vehicles valued using the closing share price at a specific date. These investments are classified with Level 1 of the valuation hierarchy.

The preceding method described may produce a fair value calculation that may or may not be indicative of net realizable value or reflective of future values. Furthermore, management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**EQUIP, INC.**  
**DBA EQUIP, INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE L – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The following reflects the Organization’s financial assets as of December 31, 2020, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or board designations.

Financial assets:	\$	1,431,756
<i>Less those funds unavailable for general expenditures due to:</i>		
Restricted by donor with time and purpose restrictions		823,321
Designated by board for Organization’s ministry programs		214,820
Financial assets available to meet cash needs within one year	<b>\$</b>	<b>393,615</b>

The Organization manages its liquid resources by employing a variety of measures. The Organization focuses on generating adequate contributions to cover the costs of its activities. In addition, the Organization invests excess cash in investments to maximize return, taking into consideration the Organization’s low tolerance for investment market risk. The Organization also monitors costs closely. The Organization has available a revolving line of credit with available borrowings of up to \$ 106,233 in the event of an unanticipated liquidity need. The Organization had no outstanding balance on this line of credit as of December 31, 2020.

**NOTE M – UNCERTAINTIES**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place by international, federal, state and municipal governments regarding travel, business operation and isolation/quarantine orders have had a significant impact on national and global economies.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization’s operations as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently place in the United States and other countries.