



FINANCIAL STATEMENTS

Years Ended February 28, 2021 and February 29, 2020

with

Independent Auditors' Report

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

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Independent Auditors' Report

The Board of Directors
Mike Silva Evangelism International, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Mike Silva Evangelism International, Inc. (MSEI) which comprise the statements of financial position as of February 28, 2021 and February 29, 2020 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 MSEI as of February 28, 2021 and February 29, 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hammann, Stewart & Schmiel, P.C.

Lake Oswego, Oregon
July 9, 2021

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

Statements of Financial Position

February 28 and 29,	2021	2020
ASSETS		
Cash and cash equivalents	\$ 434,080	\$ 277,591
Prepaid expenses	12,669	76,302
Contributions receivable	14,400	138,554
Equipment - net	<u>6,083</u>	<u>6,016</u>
Total assets	<u>\$ 467,232</u>	<u>\$ 498,463</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other accrued expenses	\$ 10,396	\$ 17,409
Net assets:		
Net assets without donor restrictions	405,552	296,282
Net assets with donor restrictions	<u>51,284</u>	<u>184,772</u>
Total net assets	<u>456,836</u>	<u>481,054</u>
Total liabilities and net assets	<u>\$ 467,232</u>	<u>\$ 498,463</u>

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

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

Statements of Activities

Years Ended February 28 and February 29,	2021	2020
Change in net assets without donor restrictions:		
Support and revenue:		
Contributions	\$ 981,826	\$ 1,213,965
Interest income	82	373
Net assets released from restrictions:		
Collection of time restricted contributions receivable	124,154	6,049
Satisfaction of purpose restrictions	40,334	170,886
Total net assets released from restrictions	164,488	176,935
Total support and revenue	1,146,396	1,391,273
Expenses:		
Program activities:		
Ministries	824,393	946,345
Supporting activities:		
General and administrative	158,775	168,612
Fundraising	114,382	193,606
Total expenses	1,097,550	1,308,563
Increase in net assets without donor restrictions from operations	48,846	82,710
Paycheck Protection Program grant	60,424	-
Increase in net assets without donor restrictions	109,270	82,710
Change in net assets with donor restrictions:		
Contributions	31,000	173,070
Net assets released from restrictions	(164,488)	(176,935)
Decrease in net assets with donor restrictions	(133,488)	(3,865)
Increase (decrease) in net assets	(24,218)	78,845
Net assets, beginning of year	481,054	402,209
Net assets, end of year	\$ 456,836	\$ 481,054

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

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

Statement of Functional Expenses

Year Ended February 28, 2021

	Program Activities	General and Administrative	Fundraising	Total
Salaries and related expenses	\$ 293,102	\$ 114,195	\$ 68,517	\$ 475,814
International ministry	330,902	-	-	330,902
United States ministry	99,676	-	-	99,676
Finance	-	22,339	22,339	44,678
Marketing	59,681	-	-	59,681
Development	11,951	-	14,388	26,339
Depreciation	1,204	1,805	-	3,009
Board of Directors expenses	-	1,687	-	1,687
Office expenses	27,877	9,138	9,138	46,153
Professional development	-	1,198	-	1,198
Other	-	8,413	-	8,413
Total expenses	<u>\$ 824,393</u>	<u>\$ 158,775</u>	<u>\$ 114,382</u>	<u>\$ 1,097,550</u>

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

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

Statement of Functional Expenses

Year Ended February 29, 2020

	Program Activities	General and Administrative	Fundraising	Total
Salaries and related expenses	\$ 269,496	\$ 104,999	\$ 62,999	\$ 437,494
International ministry	304,786	-	-	304,786
United States ministry	222,003	-	-	222,003
Finance	-	21,184	21,184	42,368
Marketing	48,609	-	-	48,609
Development	65,176	-	97,764	162,940
Depreciation	708	1,062	-	1,770
Board of Directors expenses	-	22,005	-	22,005
Office expenses	35,567	11,659	11,659	58,885
Professional development	-	1,962	-	1,962
Other	-	5,741	-	5,741
Total expenses	<u>\$ 946,345</u>	<u>\$ 168,612</u>	<u>\$ 193,606</u>	<u>\$ 1,308,563</u>

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

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

Statements of Cash Flows

Years Ended February 28 and February 29,	2021	2020
Cash flows from operating activities:		
Cash receipts:		
Contributions	\$ 1,136,980	\$ 1,254,530
Interest and other income	<u>82</u>	<u>373</u>
	1,137,062	1,254,903
Cash disbursements:		
Payroll and related expenses	(475,814)	(437,494)
International and United States ministry	(373,958)	(509,455)
Other operating expenses	<u>(188,149)</u>	<u>(342,510)</u>
	<u>(1,037,921)</u>	<u>(1,289,459)</u>
Net cash provided (used) by operating activities	99,141	(34,556)
Cash flows from investing activities:		
Purchase of equipment	<u>(3,076)</u>	<u>(3,285)</u>
Net cash used by investing activities	(3,076)	(3,285)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program	<u>60,424</u>	<u>-</u>
Net cash provided by financing activities	60,424	-
Increase (decrease) in cash and cash equivalents	156,489	(37,841)
Cash and cash equivalents, beginning of year	<u>277,591</u>	<u>315,432</u>
Cash and cash equivalents, end of year	<u>\$ 434,080</u>	<u>\$ 277,591</u>

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

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

Notes to Financial Statements

1. Nature of Organization

The mission of Mike Silva Evangelism International, Inc. (MSEI) is to practice and proclaim the life-changing message of the Lord Jesus Christ in the world's most spiritually receptive places.

Mike Silva, President of MSEI, is a nationally recognized evangelist, strategist, and consultant. He has preached the Gospel to thousands of people around the world in crusades, conferences, festivals, and churches.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by MSEI are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation - MSEI's financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of MSEI and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. These net assets include those amounts available at the discretion of the Board of Directors for use in MSEI's operations and those resources invested in equipment.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met by either actions of MSEI and/or the passage of time.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors or subject to legal restrictions. For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed in service.

Restricted contributions are classified as net assets without donor restrictions when the restriction is met in the same year the contribution is received. As such, restricted contributions for specific festivals totaling \$31,355 and \$117,821 for the years ended February 28, 2021 and February 29, 2020, respectively, have been classified as net assets without donor restrictions as the donor-stipulated purpose restriction was met in the same period these contributions were received.

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Use of Estimates - The preparation of the financial statements in conformity with GAAP 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 date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Among other things, estimates are used in the financial statements to determine any required allowance for doubtful accounts and to allocate certain expenses by function.

Cash and Cash Equivalents - For purposes of the financial statements, MSEI considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Revenue Recognition - MSEI recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Non-cash gifts are recorded at their estimated fair value on the date of the gift.

Contributed Services - The estimated fair value of donated services is recorded if the services create or enhance nonfinancial assets or require specialized skills, are performed by an individual possessing those skills, and represent services that would have been purchased if not donated. Many volunteers have contributed significant amounts of their time to activities of MSEI; however, since the above requirements were not met, the value of the contributed services is not recorded in the financial statements.

Functional Allocation of Expenses - The costs of providing the various program services and supporting activities have been presented on a functional basis on the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting activities. Such allocations are determined by management on an equitable basis. The expenses allocated include: salaries and related expenses, finance, development, depreciation, and office expenses. They are allocated using estimates of time and effort.

Equipment - Expenditures for equipment are capitalized at cost. Donated items are recorded at estimated fair value on the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is typically three years.

At February 28, 2021 and February 29, 2020, cost of equipment was \$51,590 and \$59,472 and accumulated depreciation totaled \$45,507 and \$53,456, respectively.

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Income Taxes - MSEI is organized as a not-for-profit religious corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. MSEI has been classified as a publicly supported organization, which is not a private foundation, under Section 509(a) of the Internal Revenue Code.

GAAP prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and provides guidance on various related matters such as interest, penalties, and required disclosures. Management believes MSEI does not have any uncertain tax positions. MSEI files informational returns. Generally, the returns are subject to examination by income tax authorities for three years from the filing of a return. Interest or penalties assessed by taxing authorities, if any, would be included with general and administrative expenses. Currently, there are no tax examinations in progress.

Concentrations of Credit Risk - MSEI maintains a majority of its cash balances in a bank located in Portland, Oregon. These balances are insured by the Federal Deposit Insurance Corporation up to specified limits. At times, balances may exceed these specified limits.

Subsequent Events - Management has evaluated subsequent events through July 9, 2021, the date the financial statements were available to be issued.

3. Contributions Receivable

At February 28, 2021 and February 29, 2020, MSEI had contributions receivable consisting of amounts from the Friends Conference. All amounts are expected to be received within one year.

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

Notes to Financial Statements - Continued

4. Liquidity and Availability of Resources

MSEI's financial assets available for general expenditure within one year of the statement of financial position date consist of the following:

	2021	2020
Cash and cash equivalents	\$ 434,080	\$ 277,591
Contributions receivable	<u>14,400</u>	<u>138,554</u>
	448,480	416,145
Less amounts unavailable for general expenditure within one year:		
Net assets with donor restrictions	<u>(36,884)</u>	<u>(46,218)</u>
Financial assets available for general expenditure within one year	<u><u>\$ 411,596</u></u>	<u><u>\$ 369,927</u></u>

MSEI maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

5. Operating Leases

MSEI leases office space in Beaverton and Redmond, Oregon, under operating leases expiring through December 2021. At February 28, 2021, minimum lease payments under the leases during the next fiscal year total \$20,320.

For the years ended February 28, 2021 and February 29, 2020, rent expense totaled \$20,456 and \$22,184, respectively, and is included with office expenses in the accompanying statements of functional expenses.

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

Notes to Financial Statements - Continued

6. Retirement Plan

MSEI provides retirement benefits through a Simple IRA plan. Employees with compensation greater than \$5,000 are eligible to participate. MSEI matches employee contributions up to 3 percent. Total retirement expense under this plan during the years ended February 28, 2021 and February 29, 2020 was \$6,977 and \$4,931, respectively.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at February 28, 2021 and February 29, 2020:

	2021	2020
Time restricted Friends Conference pledges	\$ 14,400	\$ 138,554
Amarillo, Texas festival	25,182	-
Santiago, Dominican Republic festival	-	34,516
School of Evangelism	11,702	11,702
	<u>11,702</u>	<u>11,702</u>
	<u>\$ 51,284</u>	<u>\$ 184,772</u>

8. Allocation of Costs of Activities that Involve Fundraising

MSEI achieves some of its program goals via mailings and conferences that may include requests for contributions. The cost of mailings and conferences are reported as development expenses in the accompanying statement of functional expenses. These costs included joint costs not directly attributable to either the program or fundraising component of the activity. These joint costs were allocated as follows for the years ended February 28, 2021 and February 29, 2020:

	2021	2020
Program activities	\$ 11,951	\$ 65,176
Fundraising	14,388	97,764
	<u>14,388</u>	<u>97,764</u>
	<u>\$ 26,339</u>	<u>\$ 162,940</u>

MIKE SILVA EVANGELISM INTERNATIONAL, INC.

Notes to Financial Statements - Continued

9. Uncertainty Related to COVID-19 Pandemic

Since March 2020, financial markets and economic conditions in general continue to be volatile as a result of the COVID-19 health crisis. The extent of the impact of COVID-19 on MSEI's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the related impact on donors, planned festival sites, employees, and vendors, all of which are uncertain and cannot be predicted. As such, the extent to which COVID-19 may impact MSEI's future financial position and results of operations cannot be reasonably estimated at this time.