



EVANTELL, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2016 and 2015

EVANTELL, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
EvanTell, Inc.
Dallas, Texas

We have audited the accompanying financial statements of EvanTell, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 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.

Board of Directors
EvanTell, Inc.
Dallas, Texas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EvanTell, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Dallas, Texas
December 5, 2016

EVANTELL, INC.

Statements of Financial Position

	June 30,	
	2016	2015
ASSETS:		
Cash and cash equivalents	\$ 536,361	\$ 538,657
Pledges receivable	75,000	-
Inventory	88,397	107,710
Prepaid expenses and other assets	26,619	48,224
Capitalized production costs–net	175,032	302,709
Property and equipment–net	54,797	9,076
Total Assets	\$ 956,206	\$ 1,006,376
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 17,464	\$ 14,861
Accrued expenses	48,356	23,722
Deferred rent	22,538	22,852
	88,358	61,435
Net assets:		
Unrestricted:		
Operating	473,651	373,956
Equity in property and equipment and capitalized production costs	229,829	311,785
	703,480	685,741
Temporarily restricted	164,368	259,200
	867,848	944,941
Total Liabilities and Net Assets	\$ 956,206	\$ 1,006,376

See notes to financial statements

EVANTELL, INC.

Statements of Activities

	Year Ended June 30,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 1,057,241	\$ 268,000	\$ 1,325,241	\$ 1,066,754	\$ 288,000	\$ 1,354,754
Sales income	127,995	-	127,995	131,898	-	131,898
Other income	57,020	-	57,020	80,897	-	80,897
Total Support and Revenue	1,242,256	268,000	1,510,256	1,279,549	288,000	1,567,549
NET ASSETS RELEASED:						
Time restrictions	-	-	-	158,500	(158,500)	-
Purpose restrictions	362,832	(362,832)	-	115,288	(115,288)	-
Total Net Assets Released	362,832	(362,832)	-	273,788	(273,788)	-
EXPENSES:						
Program services:						
Ministry projects	853,356	-	853,356	641,976	-	641,976
Ministry outreach	281,202	-	281,202	346,303	-	346,303
Other ministry programs	8,691	-	8,691	207,216	-	207,216
	1,143,249	-	1,143,249	1,195,495	-	1,195,495
Supporting activities:						
General and administrative	191,906	-	191,906	189,854	-	189,854
Fund-raising	252,194	-	252,194	139,746	-	139,746
Total Expenses	1,587,349	-	1,587,349	1,525,095	-	1,525,095
Change in Net Assets	17,739	(94,832)	(77,093)	28,242	14,212	42,454
Net Assets, Beginning of Year	685,741	259,200	944,941	657,499	244,988	902,487
Net Assets, End of Year	\$ 703,480	\$ 164,368	\$ 867,848	\$ 685,741	\$ 259,200	\$ 944,941

See notes to financial statements

EVANTELL, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (77,093)	\$ 42,454
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	144,605	87,203
Changes in operating assets and liabilities:		
Inventory	19,313	3,063
Pledges receivable	(75,000)	158,500
Prepaid expenses and other assets	21,605	(31,795)
Accounts payable	2,603	(6,999)
Accrued expenses	24,634	(8,343)
Net Cash Provided by Operating Activities	<u>60,667</u>	<u>244,083</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment and production costs	(62,963)	(52,705)
Net Cash Used by Investing Activities	<u>(62,963)</u>	<u>(52,705)</u>
Net Change in Cash and Cash Equivalents	(2,296)	191,378
Cash and Cash Equivalents, Beginning of Year	<u>538,657</u>	<u>347,279</u>
Cash and Cash Equivalents, End of Year	<u>\$ 536,361</u>	<u>\$ 538,657</u>

See notes to financial statements

EVANTELL, INC.

Notes to Financial Statements

June 30, 2016 and 2015

1. NATURE OF ORGANIZATION:

EvanTell, Inc. (EvanTell), a nonprofit organization incorporated in the state of Texas, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). EvanTell was founded in 1973 to practice and promote a clear presentation of the Gospel through a careful study of the Scripture. The goal of the ministry of EvanTell is to train and equip believers to share the gospel clearly and simply wherever the Lord sends them. At the core of their strategy and evangelism training is creating the boldness and know-how in believers to become champions for the gospel in their spheres of influence.

The ministry projects of EvanTell include projects such as EvanTell Institute, pregnancy resource center training and equipping, and workplace evangelism training. Ministry outreach includes international programs to build indigenous evangelism networks. Other ministry programs include evangelism bible resource sales, partnerships with local churches and ministries, various seminars and conferences. EvanTell partners with other ministries to EvanTell relies primarily on contributions to operate and conduct its programs and activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of EvanTell have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. A summary of significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and short-term, highly liquid investments with an original maturity term of three months or less. The balances, at times, may exceed federally insured limits. EvanTell has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

PLEDGES RECEIVABLE

Unconditional promises to give are reported as income when promise is made and have been recorded at the net present value of their estimated future cash flows. Management has evaluated pledges receivable for an allowance for uncollected promises and determined no allowance was necessary for the years ended June 30, 2016 and 2015.

INVENTORY

Inventory consists of books, biblical counseling, and related ministry materials carried at the lower of cost or market using the average cost method. Management has evaluated inventory for an allowance for obsolescence and determined no allowance was necessary for the years ended June 30, 2016 and 2015. Total cost of goods sold were \$82,680 and \$85,772 during the years ended June 30, 2016 and 2015, respectively.

EVANTELL, INC.

Notes to Financial Statements

June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or fair value if contributed and include improvements that significantly add to utility or extend useful lives. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives, which range from two to seven years. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in support and revenue for the period. Purchases in excess of \$1,000 are capitalized.

PRODUCTION COSTS

Production costs are costs incurred for the production of the Evangelism Study Bible which was completed in October 2014. Management entered into a contract with a publisher and will receive a royalty on the sales of these bibles but will not have inventory on hand to sell. The capitalized costs will be amortized over the estimated future sales of these bibles. During the years ended June 30, 2016 and 2015, total amortization was \$127,677 and \$83,006, respectively.

CLASSES OF NET ASSETS

The net assets of EvanTell are reported in the following classes:

Unrestricted net asset amounts are currently available at the discretion of the board for use in EvanTell's operations and those resources invested in property and equipment and capitalized production costs.

Temporarily restricted net asset amounts include resources restricted by donors primarily for use with certain projects or those gifts with an associated time restriction.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash or other assets are received or when unconditionally promised. EvanTell reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the contributed amounts. When the purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Sales income is recognized when earned, which is when the products are given or shipped to customers.

Other income is recognized when earned.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as salaries and benefits and depreciation, have been allocated among the program services and supporting activities benefited.

EVANTELL, INC.

Notes to Financial Statements

June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2016, EvanTell had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

EvanTell files information tax returns in the U.S. and various states. EvanTell is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

3. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	June 30,	
	2016	2015
Furniture and equipment	\$ 40,857	\$ 39,621
Website development	32,642	-
Computer equipment	52,438	45,338
	<u>125,937</u>	<u>84,959</u>
Accumulated depreciation and amortization	(93,125)	(75,883)
	<u>32,812</u>	<u>9,076</u>
Construction in progress	21,985	-
	<u>\$ 54,797</u>	<u>\$ 9,076</u>

4. LINE OF CREDIT:

EvanTell has an unsecured line of credit for the amount of \$50,000 with a financial institution, maturing on May 1, 2017. Interest is variable at prime plus 1.75%. The outstanding balance of the line of credit was \$0 as of June 30, 2016 and 2015, and no draws were made.

EVANTELL, INC.

Notes to Financial Statements

June 30, 2016 and 2015

5. LEASE COMMITMENTS:

EvanTell leases office space under a non-cancelable lease expiring in March 2020 with monthly payments of \$6,400. The lease includes 8 months of free rent. Rent expense has been recognized on a straight line basis over the life of the lease, with a deferred liability recorded on the statements of financial position for the difference between the expense and cash outlay. Rent expense for the years ended June 30, 2016 and 2015, was \$75,910 and \$76,576, respectively. Future minimum payments for this lease are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 71,936
2018	72,966
2019	80,807
2020	61,306
	<u>\$ 287,015</u>

6. TEMPORARILY RESTRICTED NET ASSETS:

The following tables reflect the temporarily restricted net asset activity by restriction during the years ended June 30, 2016 and 2015:

	<u>July 1, 2015</u>	<u>Contributions</u>	<u>Net assets released from restriction</u>	<u>June 30, 2016</u>
Pledges receivable	\$ -	\$ 75,000	\$ -	\$ 75,000
Digital strategy	259,200	50,000	228,540	80,660
Administration advancement	-	143,000	134,292	8,708
	<u>\$ 259,200</u>	<u>\$ 268,000</u>	<u>\$ 362,832</u>	<u>\$ 164,368</u>

	<u>June 30, 2014</u>	<u>Contributions</u>	<u>Net assets released from restriction</u>	<u>June 30, 2015</u>
Pledges receivable	\$ 158,500	\$ -	\$ 158,500	\$ -
Digital strategy	-	288,000	28,800	259,200
SMSC Israel	10,400	-	10,400	-
Council for Life	63,970	-	63,970	-
Pregnancy center training	12,118	-	12,118	-
	<u>\$ 244,988</u>	<u>\$ 288,000</u>	<u>\$ 273,788</u>	<u>\$ 259,200</u>

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7. DEFINED CONTRIBUTION RETIREMENT PLAN:

EvanTell sponsors a defined contribution plan through the use of a pre-determined Simple IRA proto-type plan (the Plan). Substantially all full-time employees are eligible as defined. EvanTell provides a discretionary matching contribution of up to 3%. EvanTell contributions to the Plan for the years ended June 30, 2016 and 2015, were \$25,750 and \$9,475, respectively.

8. CONCENTRATION:

EvanTell received contributions approximating 32% and 42% of total support and revenue from four donors during the years ended June 30, 2016 and 2015.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.