

CRESCENT PROJECT, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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Delta Wealth
CPAs & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Crescent Project, Inc.
Franklin, Tennessee

We have audited the accompanying financial statements of Crescent Project, Inc. (the "Ministry"), a non-profit organization, which comprise of the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crescent Project, Inc. as of December 31, 2022 and 2021, and the changes in net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crescent Project, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Crescent Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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DELTA WEALTH CPAs & ADVISORS, LLC MEMBER AICPA DIVISION FOR FIRMS-PEER REVIEW PROGRAM

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Crescent Project, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crescent Project, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Delta Wealth CPAs & Advisors, LLC

Delta Wealth CPAs & Advisors, LLC

March 30, 2023
Indianapolis, Indiana

CRESCENT PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,263,286	\$ 1,230,242
Accounts receivable	3,659	2,626
Inventory	24,513	23,819
Prepaid expenses	11,772	11,858
TOTAL CURRENT ASSETS	<u>1,303,230</u>	<u>1,268,545</u>
PROPERTY EQUIPMENT		
Office equipment	2,031	2,031
Accumulated depreciation	(2,031)	(2,031)
TOTAL PROPERTY AND EQUIPMENT	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,303,230</u>	<u>\$ 1,268,545</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 20,300	\$ 19,294
Other accrued expenses	36,435	57,456
TOTAL CURRENT LIABILITIES	<u>56,735</u>	<u>76,750</u>
Net assets		
Without donor restrictions	1,246,495	1,121,459
With donor restrictions	-	70,336
TOTAL NET ASSETS	<u>1,246,495</u>	<u>1,191,795</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,303,230</u>	<u>\$ 1,268,545</u>

CRESCENT PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,618,075	\$ -	\$ 1,618,075
Fees	37,914		37,914
Sales	18,632		18,632
Interest income	2,770		2,770
Other income	14,053		14,053
	<u>1,691,444</u>	<u>-</u>	<u>1,691,444</u>
Net assets released from restrictions	70,336	(70,336)	-
TOTAL SUPPORT AND REVENUE	<u>1,761,780</u>	<u>(70,336)</u>	<u>1,691,444</u>
PROGRAM AND SUPPORT SERVICES			
Program services	1,230,069		1,230,069
Management and general	265,180		265,180
Fundraising	141,495		141,495
TOTAL PROGRAM AND SUPPORT SERVICES	<u>1,636,744</u>	<u>-</u>	<u>1,636,744</u>
CHANGE IN NET ASSETS	125,036	(70,336)	54,700
NET ASSETS, BEGINNING OF YEAR	<u>1,121,459</u>	<u>70,336</u>	<u>1,191,795</u>
NET ASSETS, END OF YEAR	<u>\$ 1,246,495</u>	<u>\$ -</u>	<u>\$ 1,246,495</u>

CRESCENT PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,668,187	\$ 80,500	\$ 1,748,687
Fees	51,411	-	51,411
Sales	14,854	-	14,854
Interest income	893	-	893
Other income	12,605	-	12,605
	<u>1,747,950</u>	<u>80,500</u>	<u>1,828,450</u>
Net assets released from restrictions	14,540	(14,540)	-
TOTAL REVENUE AND SUPPORT	<u>1,762,490</u>	<u>65,960</u>	<u>1,828,450</u>
PROGRAM AND SUPPORT SERVICES			
Program services	1,017,516	-	1,017,516
Management and general	271,910	-	271,910
Fundraising	91,458	-	91,458
TOTAL PROGRAM AND SUPPORT SERVICES	<u>1,380,884</u>	<u>-</u>	<u>1,380,884</u>
CHANGE IN NET ASSETS	381,606	65,960	447,566
NET ASSETS, BEGINNING OF YEAR	<u>739,853</u>	<u>4,376</u>	<u>744,229</u>
NET ASSETS, END OF YEAR	<u>\$ 1,121,459</u>	<u>\$ 70,336</u>	<u>\$ 1,191,795</u>

CRESCENT PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 734,976	\$ 97,759	\$ 70,961	\$ 903,696
Payroll taxes	41,005	5,661	4,013	50,679
Employee benefits	173,553	26,776	15,353	215,682
Legal and professional fees	39,710	23,982	14,645	78,337
Travel and entertainment	89,029	3,737	7,536	100,302
Office supplies	19,441	4,645	2,149	26,235
Conference and education	12,911	169	175	13,255
Material costs	16,106	-	-	16,106
Grants to others	3,600	-	-	3,600
Printing	19,231	468	15,369	35,068
Occupancy	7,227	33,597	-	40,824
Postage and shipping	4,948	3,218	7,580	15,746
Telephone	9,873	3,781	1,419	15,073
Computer supplies and expenses	12,214	21,829	226	34,269
Advertising	9,494	4,191	-	13,685
Insurance expense	-	8,141	-	8,141
Dues and subscriptions	-	1,190	-	1,190
Other expenses	36,751	26,036	2,069	64,856
	<u>\$ 1,230,069</u>	<u>\$ 265,180</u>	<u>\$ 141,495</u>	<u>\$ 1,636,744</u>

CRESCENT PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 591,457	\$ 90,105	\$ 55,905	\$ 737,467
Payroll taxes	32,500	5,240	3,173	40,913
Employee benefits	179,182	22,100	17,303	218,585
Legal and professional fees	64,244	32,430	187	96,861
Travel and entertainment	62,613	7,271	6,059	75,943
Office supplies	8,640	7,170	884	16,694
Conference and education	6,519	849	45	7,413
Material costs	9,014	-	-	9,014
Grants to others	1,394	-	-	1,394
Printing	6,732	3,581	1,040	11,353
Occupancy	2,111	32,618	-	34,729
Postage and shipping	4,080	2,613	2,634	9,327
Telephone	10,140	3,879	1,127	15,146
Computer supplies and expenses	12,383	20,570	768	33,721
Advertising	1,066	4,950	-	6,016
Insurance expense	-	8,104	-	8,104
Dues and subscriptions	-	1,160	-	1,160
Other expenses	25,441	29,270	2,333	57,044
	<u>\$ 1,017,516</u>	<u>\$ 271,910</u>	<u>\$ 91,458</u>	<u>\$ 1,380,884</u>

CRESCENT PROJECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 54,700	\$ 447,566
(Increase) decrease in assets:		
Accounts receivable	(1,033)	7,374
Inventory	(694)	1,484
Prepaid expenses	86	5
Increase (decrease) in liabilities:		
Accounts payable	1,006	(15,957)
Accrued expenses	(21,021)	(23,719)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>33,044</u>	<u>416,753</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,044	416,753
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,230,242</u>	<u>813,489</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,263,286</u>	<u>\$ 1,230,242</u>

CRESCENT PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Crescent Project, Inc. (the “Ministry”) was incorporated in 1989 as an Indiana 501(c)(3) not-for-profit organization. The Ministry is an inter-denominational Christian mission agency with an international reach whose purpose is to mobilize the church, Christian leaders, and resource other Missions organizations with the same focus. While addressing fears, stereotypes and knowledge gaps, the Ministry provides practical strategies equipping Christian leaders and entire congregations domestically and internationally to effectively connect with Muslims in their sphere of influence: neighbors, colleagues, and classmates. Muslims make up the largest “unreached people groups” (UPGs) around the world. With this in mind, the Ministry is taking up God’s challenge to boldly MOVE forward and further through strategically planting churches in Muslim-dense countries, investing personally in the lives of Muslim Background Believers (MBB), connecting unreached people to Jesus through direct outreach initiatives, and urgently equipping and mobilizing Christians to directly engage with Muslims. Crescent Project has grown to now have influence and work in 96 countries.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. Under this standard, the Ministry is required to report information regarding its financial position and activities according to two classes of net assets. All restrictions are determined by the donor of the asset.

Without Donor Restrictions – Net asset class includes general and Board-designated assets and liabilities. These unrestricted net assets may be used at the discretion of management to support programs and operations.

With Donor Restrictions - Net asset class includes assets related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or later periods of time or after specified dates.

Cash and cash equivalents

For purposes of reporting the statements of financial position and the statements of cash flows, the Ministry considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Ministry has cash held at financial institutions, which at times, may exceed the federally insured limit.

CRESCENT PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable represent the uncollected portion of grants which the Ministry was notified they would receive and sales on credit for class materials. Accounts receivable are due 30 days after the issuance of the invoice, unless specifically stated on the invoice. Generally, receivables past due 30 days or more are considered delinquent. Management reviews accounts receivable on a periodic basis to determine if any receivables will potentially be uncollectible. The Ministry includes any accounts receivable balances that are determined to be uncollectible in its allowance for doubtful accounts. After all attempts to collect the receivable have failed, the receivable is written-off against the allowance. Based upon management's evaluation at December 31, 2022 and 2021, an allowance for doubtful accounts is not considered necessary. However, actual write-offs may occur.

Inventory

Inventory is valued at lower of cost (first-in, first-out method) or net realizable value. Inventory consists of books for resale. Obsolete inventory is reduced to the estimated net realizable value. No obsolete inventory was identified at December 31, 2022 and 2021 and a reserve for obsolete inventory is not considered necessary.

Property and Equipment

Property and equipment are stated at cost or fair value if contributed at the estimated fair value at the date of the gift. The Ministry capitalizes property and equipment at a unit cost of \$2,500 or fair value, if contributed and a useful life of 3 years or more. Depreciation on property and equipment is recovered using the straight-line method.

Depreciation expense was \$-0- for the years ended December 31, 2022 and 2021, respectively.

Managements use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Fair value of financial instruments

The carrying values of the Ministry's financial instruments approximate their estimated fair value. Actual fair value may differ from these estimates, and such differences could be considered material.

CRESCENT PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from the sale of books and training class fees are recognized when books are delivered, and classes are held and completed.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Ministry. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net asset with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Restrictions on gifts of capital assets or cash for the purchase of capital assets expire when the asset is placed in service.

Donated goods and services

Contributed services are recognized as contributions in accordance with Contributions Disclosure Topic of FASB ASC 958-605, if the services (a) created 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. Contributions of tangible assets are recognized at fair value when received. Non-cash, in-kind contributions are recorded at fair market value and recognized as revenue in the accounting period when they are received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to fixed assets. There were no such contributions recorded for the years ended December 31, 2022 and 2021.

Volunteers provide programs and fund-raising services throughout the year that are not recognized as contributions in the financial statements since they do not meet the recognition criteria under Contributions Disclosure Topic of FASB ASC 958-605. These services include volunteering at events and various clerical services.

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. Some expenses relate directly to specific programs or supportive services while others do not. Expenses that relate to more than one program or supporting service are allocated among the applicable functions based on statistical and non-statistical allocation methodologies. Management periodically evaluates its allocation method and revises it when necessary.

CRESCENT PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Ministry has been determined by the Internal Revenue Service to be tax exempt under Section 501(c) (3) of the Internal Revenue Code. As a result, contributions made to the Ministry qualify as charitable deductions as described in Section 170(c) of the Code. The Ministry has been classified as an organization that is not a private foundation under Section 509(a) of the Code. Therefore, no provision for income taxes is included in the financial statements. Tax returns are open for examination for the previous three years for both federal and state purposes.

Advertising

Advertising costs are expensed as incurred. Total advertising expense were \$13,685 and \$6,016 for the years ended December 31, 2022 and 2021, respectively.

Change in accounting standards

FASB ASC 842 Leases was effective January 1, 2022. ASC 842 requires certain financing and operating leases to be presented on the statements of financial position as right of use assets and related lease liabilities. For the year ended December 31, 2022, management has determined the presentation of right-to-use assets and related lease liabilities to be immaterial to the financial statements as a whole.

Subsequent events

Subsequent events have been evaluated through March 30, 2023, the date the financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Ministry purchases inventory materials that were written by an employee. Payments for purchases of these materials are paid to a corporation owned 100% by the employee. For the years ended December 31, 2022 and 2021 purchases totaling \$8,231 and \$24,022, respectively, were made to the related company.

NOTE 3 - EMPLOYEE BENEFITS

Effective February, 2022, the Ministry provides a defined contribution plan for its employees designed to meet the requirements of Internal Revenue Service Code Section 403(b). Eligible employees may make voluntary contributions to the plan based on limits defined by federal law. The Ministry matches 50% of employee contributions up to 2% of employee compensation. The Ministry's contributions to the plan totaled \$4,820 for the year ended December 31, 2022.

CRESCENT PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Translate BRIDGES to Portuguese	\$ -	\$ 1,586
Digital Outreach	-	63,750
General Fund	-	5,000
	<u>\$ -</u>	<u>\$ 70,336</u>

Net assets of \$70,336 and \$14,540 for years ended December 31, 2022 and 2021, respectively, were released from donor restrictions by incurring costs and expenses satisfying the restricted purposes or the occurrence of other events specified by donors as follows:

	<u>2022</u>	<u>2021</u>
Translate BRIDGES to Portuguese	\$ 1,586	\$ -
Translate BRIDGES to Tagalong	-	3,290
Digital Outreach	63,750	11,250
General Fund	5,000	-
	<u>\$ 70,336</u>	<u>\$ 14,540</u>

NOTE 5 – PROGRAM SERVICES

Program services expense consist of the following for the years ended December 31 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Missionary Outreach/Mobilization	\$ 244,021	\$ 196,989
Move Boldly	74,832	73,999
Direct Outreach	120,143	56,823
Mobilization	32,066	84,278
Resources	24,081	13,970
Total program expense before salary	495,143	426,059
Salaries/wages	734,976	591,457
Total program expense	<u>\$ 1,230,069</u>	<u>\$ 1,017,516</u>

CRESCENT PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 – LEASES

The Ministry has entered into a lease obligation for office space that expires June 30, 2023. The Ministry has the option to extend the lease an additional 2 years. Rent expense related to the office was \$33,597 and \$32,618, for the years ended, December 31, 2022 and 2021, respectively.

The expected future lease payments are \$17,556 for the year ended December 31, 2023.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Ministry’s financial assets available within one year of the statement of financial position for unrestricted purposes are as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,263,286	\$ 1,230,242
Accounts receivable	3,659	2,626
Final Financial Assets available within one year	\$ 1,266,945	\$ 1,232,868
Less: Amounts unavailable for unrestricted purposes due to donor restrictions:		
Restricted by donors with purpose restrictions	<u>-</u>	<u>(70,336)</u>
Less: Amounts unavailable for unrestricted purposes without Board Approval:		
Board designated	<u>-</u>	<u>-</u>
Total financial assets available to management for unrestricted purposes within one year	<u>\$ 1,266,945</u>	<u>\$ 1,162,532</u>

The Ministry’s administrative and general expenses average approximately \$271,000 and fundraising \$122,000 over the past three years. With cash reserves the end of the year at \$1,266,945, the board feels there is enough cash to cover operating expenses for the year as expenditures can be modified and adjusted as necessary to meet cash flow needs. Future donations for specific projects or for unrestricted use are to be spent in the year of donation or in a future year.