

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Opinion

I have audited the accompanying financial statements of Equip, Inc. DBA Equip International (a non-profit organization) which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of my report. I am required to be independent of Equip, Inc. DBA Equip International and to meet my other ethical responsibilities in accordance with the relevant ethical requirements related to my audit. I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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.

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 Equip, Inc. DBA Equip International'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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Auditor's Responsibility for the Audit of the Financial Statements

My 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 my 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, I:

- 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 Equip, Inc. DBA Equip International'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Equip, Inc. DBA Equip International's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Suzan H. Shuler CPA PA

Arden, North Carolina

April 25, 2025

EQUIP, INC.
DBA EQUIP INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 499,230	\$ 339,336
Cash and cash equivalents-restricted	195,978	271,059
Certificates of deposit-restricted	530,168	514,031
Investments-annuities	526,616	517,533
Receivable from Equip-Canada	12,516	26,833
Sales tax receivable	2,468	750
Prepaid insurance	6,554	6,239
 Total Current Assets	 1,773,530	 1,675,781
<u>PROPERTY AND EQUIPMENT</u>		
Land and land improvements	99,203	99,203
Buildings	503,077	454,008
Furnitures and fixtures	74,312	70,254
Leased office equipment	15,897	15,897
Computers	3,233	3,233
Vehicles	32,169	32,169
	727,891	674,764
Accumulated depreciation	(261,497)	(246,344)
 Total Property and Equipment, net	 466,394	 428,420
 TOTAL ASSETS	 \$ 2,239,924	 \$ 2,104,201

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Current portion of lease payable	\$ 3,419	\$ 3,261
Accounts payable	800	800
Deferred revenue - tuition	5,730	9,854
 Total Current Liabilities	 9,949	 13,915
<u>LONG-TERM LIABILITIES:</u>		
Lease payable, net of current portion	1,947	5,366
Total long term liabilities	1,947	5,366
 Total liabilities	 11,896	 19,281
<u>NET ASSETS</u>		
Without donor restrictions:		
Undesignated	736,118	584,378
Designated	204,736	210,550
Investment in property and equipment	461,028	428,420
Total net assets without donor restrictions	1,401,882	1,223,348
With donor restrictions	826,146	861,572
 Total Net Assets	 2,228,028	 2,084,920
 TOTAL LIABILITIES AND NET ASSETS	 \$ 2,239,924	 \$ 2,104,201

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions	\$ 189,684	\$ 2,576,718	\$ 2,766,402
Tuition and deposits	4,244		4,244
Book sales	620		620
Rental income	8,250		8,250
Conference	43,361		43,361
Gain on disposal of equipment	9,563		9,563
Interest income	29,609		29,609
Net assets released from restrictions:			
Missionaries and specific projects	2,612,144	(2,612,144)	0
Total revenue and support	<u>2,897,475</u>	<u>(35,426)</u>	<u>2,862,049</u>
EXPENSES:			
Program services	2,165,672		2,165,672
Management and general	498,474		498,474
Fundraising	54,795		54,795
Total expenses	<u>2,718,941</u>	<u></u>	<u>2,718,941</u>
Increase (decrease) in net assets	178,534	(35,426)	143,108
Net assets at beginning of year, as restated	<u>1,223,348</u>	<u>861,572</u>	<u>2,084,920</u>
Net assets at end of year	<u><u>\$ 1,401,882</u></u>	<u><u>\$ 826,146</u></u>	<u><u>\$ 2,228,028</u></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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions	\$ 171,243	\$ 2,014,685	\$ 2,185,928
Tuition and deposits	42,611		42,611
Book sales	1,550		1,550
Rental income			0
Interest income	13,755		13,755
Net assets released from restrictions:			
Missionaries and specific projects	1,938,203	(1,938,203)	0
Total revenue and support	<u>2,167,362</u>	<u>76,482</u>	<u>2,243,844</u>
EXPENSES:			
Program services	1,543,539		1,543,539
Management and general	474,528		474,528
Fundraising	55,754		55,754
Total expenses	<u>2,073,821</u>		<u>2,073,821</u>
Increase (decrease) in net assets	93,541	76,482	170,023
Net assets at beginning of year, as restated	<u>1,129,807</u>	<u>785,090</u>	<u>1,914,897</u>
Net assets at end of year	<u><u>\$ 1,223,348</u></u>	<u><u>\$ 861,572</u></u>	<u><u>\$ 2,084,920</u></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, 2023

	Program Services	Management and General	Fundraising	Total
Wages and missionary support	\$ 1,031,990	\$ 209,809	\$ 47,320	\$ 1,289,119
Salary - President		91,500		91,500
Payroll taxes	58,135	19,884	3,620	81,639
Benefits	30,893	2,398		33,291
Other health care costs	2,061	68		2,129
Travel	61,781	10,228	587	72,596
Housing and set up	9,826	852		10,678
Food costs	48,890	1,666	421	50,977
Medicine	2,382			2,382
Utilities	14,216	21,958		36,174
Textbook expense	5,959	24		5,983
Training/Honorarium	124,478			124,478
Benevolence	8,346			8,346
Miscellaneous/Supplies	11,112			11,112
Office supplies	6,420	2,973		9,393
Postage and shipping	3,986	4,611		8,597
Computer/software	563	3,872		4,435
Printing and artwork	1,382	2,083		3,465
Promotion and development	587	5,167	2,816	8,570
Animal - feed and supplies	1,104			1,104
Garden supplies	6,246	231		6,477
Equipment and building purchase	97			97
Equipment and building rent	448	4,765		5,213
Equipment and building maintenance	52,638	5,281		57,919
Building supplies	18,166	391		18,557
Insurance		19,769		19,769
Vehicle expense	12,237	4,128	31	16,396
Conferences	10,875	27,934		38,809
Professional services accounting auditing		7,100		7,100
Professional services management consulting	8,335	16,206		24,541
Payroll professional services		3,491		3,491
Professional services- software support	15,415	14,205		29,620
Legal expenses	6,168	122		6,290
Bank charges and credit card fees	1,859	13,135		14,994
Licenses and permits	1,594			1,594
Dues and subscriptions	2,888	3,505		6,393
Other expense - field	584,854			584,854
Other	192	175		367
Total expenses before depreciation	2,146,123	497,531	54,795	2,698,449
Interest		339		339
Depreciation and amortization	19,549	604		20,153
Total functional expenses	<u>\$ 2,165,672</u>	<u>\$ 498,474</u>	<u>\$ 54,795</u>	<u>\$ 2,718,941</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, 2022

	Program Services	Management and General	Fundraising	Total
Wages and missionary support	\$ 812,861	\$ 310,578	\$ 46,252	\$ 1,169,691
Payroll taxes	50,389	20,879	3,538	74,806
Benefits	22,313	500		22,813
Other health care costs	9,400	769		10,169
Travel	43,906	1,910	365	46,181
Housing and set up	10,032	913		10,945
Food costs	63,606	1,247	144	64,997
Medicine	4,136			4,136
Utilities	4,472	22,521		26,993
Textbook expense	16,397	59		16,456
Training	121,140	271		121,411
Benevolence	5,597			5,597
Office supplies	4,101	5,944		10,045
Postage and shipping	2,548	8,146	15	10,709
Computer/software	2,190	5,088		7,278
Printing and artwork	1,974	587		2,561
Promotion and development	1,799	13,054	3,940	18,793
Equipment and building purchase		783		783
Equipment and building rent	1,024	2,341		3,365
Equipment and building maintenance	38,028	4,496		42,524
Building supplies	21,725			21,725
Insurance		19,587		19,587
Vehicle expense	7,408	1,725		9,133
Conferences	3,240	6,812		10,052
Professional services accounting auditing		9,325		9,325
Professional services management consulting	49	1,667		1,716
Payroll professional services		3,291		3,291
Professional services- software support	4,770	13,056		17,826
Legal expenses	6,597			6,597
Bank charges and credit card fees	2,044	10,792		12,836
Licenses and permits	3,209			3,209
Dues and subscriptions	6,967	6,264		13,231
Other expense - field	240,743			240,743
Other missionary field expense	9,808	545	1,500	11,853
Life insurance	1,958			1,958
Other	48	299		347
Total expenses before depreciation	1,524,479	473,449	55,754	2,053,682
Interest		490		490
Depreciation and amortization	19,060	589		19,649
Total functional expenses	\$ 1,543,539	\$ 474,528	\$ 55,754	\$ 2,073,821

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, 2023 AND 2022

	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$ 143,108	\$ 170,023
Adjustments to reconcile net assets		
to net cash provided by operating activities:		
Depreciation and amortization	20,153	19,649
(Increase) decrease in assets:		
Receivable from Equip - Canada	14,317	(14,063)
Sales tax receivable	(1,718)	44
Prepaid insurance	(315)	459
Increase (decrease) in liabilities:		
Accounts payable		
Deferred revenue	(4,124)	4,754
	<u>171,421</u>	<u>180,866</u>
Net cash provided by (used for) operating activities		
	<u>171,421</u>	<u>180,866</u>
<u>CASH FLOWS FROM INVESTMENT ACTIVITIES</u>		
Investment in property & equipment	(58,127)	
Purchase of investments	(9,083)	(8,926)
Investment in certificates of deposit	(16,137)	(3,633)
	<u>(83,347)</u>	<u>(12,559)</u>
Net cash provided by (used for) investment activities		
	<u>(83,347)</u>	<u>(12,559)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments under capital lease obligation	(3,261)	(3,110)
	<u>(3,261)</u>	<u>(3,110)</u>
Net cash provided by (used for) investment activities		
	<u>(3,261)</u>	<u>(3,110)</u>
Net increase (decrease) in cash and cash equivalents	84,813	165,197
Cash and cash equivalents, beginning of year	610,395	445,198
Cash and cash equivalents, end of year	<u>\$ 695,208</u>	<u>\$ 610,395</u>
Reconciliation of cash:		
Cash	\$ 499,230	\$ 339,336
Restricted cash	195,978	271,059
	<u>695,208</u>	<u>610,395</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 695,208</u>	<u>\$ 610,395</u>

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

EQUIP, INC.
DBA EQUIP, INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, 2023 AND 2022

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, 2023 and 2022.

EQUIP, INC.
DBA EQUIP, INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, 2023 and 2022 was \$ 19,649 and \$ 20,065, 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, 2023 AND 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Advertising

Advertising or promotion costs are expensed as incurred. Promotion expense was \$ 8,570 and \$ 18,793 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 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, 2023 and 2022.

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. Equip-Canada accepts donations for the Organization's missionaries that have Canadian donors. The Organization accepts donations on behalf of Equip-Canada. The Organization has six missionaries that have accounts with Canadian donors. Funds are reconciled and transferred quarterly. The Organization provides administrative services on behalf of Equip-Canada during the year. The type of services and related consideration were provided as follows:

EQUIP, INC.
DBA EQUIP, INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE C – RELATED PARTY TRANSACTIONS (CONTINUED)

Joint Venture (Continued)

For the year ending December 31, 2023:

Salaries and related expenses	\$ 48,959	(C\$ 67,355 in Canadian Dollars)
Travel, office, promotion	\$ 18	(C\$ 24 in Canadian Dollars)

At December 31, 2023, Equip-Canada owed the Organization \$ 12,516 (C\$ 16,554 in Canadian Dollars).

For the year ending December 31, 2022:

Salaries and related expenses	\$ 50,667	(C\$ 68,400 in Canadian Dollars)
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At December 31, 2022, Equip-Canada owed the Organization \$ 26,833 (C\$ 36,343 in Canadian Dollars).

Board Member Contributions

Contributions from the Organization's board of directors totaled \$ 48,774 and \$ 1,000 for the years ended December 31, 2023 and 2022, respectively.

Employment

The son of the Vice President of Missions is employed by the Organization as a missionary. His salary was \$ 36,121 and \$ 44,146 for the years ended December 31, 2023 and 2022, respectively. His ministry support fund balances were \$ 14,278 and \$ 19,755 as of December 31, 2023 and 2022, respectively. He cannot exercise control nor does he have a position of influence over management of the Organization.

Lessee

The brother of the President rented the residential dwelling outlined in Note H under Property Lease and Commitment starting in April 2023 in exchange for caretaking duties and preparing for and assisting with classes when students are on campus.

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, 2023 and 2022 totaled \$ 5,730 and \$ 9,854, respectively.

EQUIP, INC.
DBA EQUIP, INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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.

NOTE F – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 25, 2025, which is the date the financial statements were available to be issued.

NOTE G – NET ASSETS

Net assets with donor restrictions at December 31, 2023 and 2022 were available for the benefit of specific missionaries or projects. The total net assets with donor restrictions at December 31, 2023 and 2022 were \$ 826,146 and \$ 861,572, 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, 2023 and 2022 were comprised for the following purposes:

	<u>2023</u>	<u>2022</u>
Memorial Fund	\$ 160,100	\$ 160,100
Training	<u>44,636</u>	<u>50,450</u>
Total net assets without donor restrictions – designated	<u>\$ 204,736</u>	<u>\$ 210,550</u>

NOTE H – LEASES

Property Lease and Commitment

The Organization leases an unfurnished residential dwelling that it owns to an employee as housing provided in exchange for caretaking duties performed by that employee. The house was vacant in 2022 when the previous lease expired. In April 2023, the Organization leased the house to the President’s brother in exchange for caretaking duties and assisting with classes as outlined in Note C. The rental value of the leased property was \$ 8,250 and \$ 0 for the years ended December 31, 2023 and 2022, respectively.

EQUIP, INC.
DBA EQUIP, INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE H – LEASES (CONTINUED)

Equipment

The Organization leases a copier under a lease classified as capital lease. The following is a schedule showing the future minimum lease payments under capital leases by years and the present value of the minimum lease payments as of December 2023. The interest rate related to these lease obligations is 4.75% per annum and the maturity date of the lease is July 2025.

Year Ending December 31:

2024	\$ 3,600
2025	1,977
2026	
2027	
2028	
Thereafter	
Total minimum lease payments	<hr/> 5,577
Less: amounts representing interest	<hr/> 211
Present value of minimum lease payments	<hr/> <hr/> \$ 5,366

NOTE I – INCOME TAXES

Open Tax Years

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2020, 2021, and 2022, 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
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NOTE J – 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, 2023 and December 31, 2022:

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NOTE J – FAIR VALUE MEASUREMENTS (CONTINUED)

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.

NOTE K – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of December 31, 2023, 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:	\$ 1,766,976
<i>Less those funds unavailable for general expenditures due to:</i>	
Restricted by donor with time and purpose restrictions	826,146
Designated by board for Organization's ministry programs	<u>204,736</u>
Financial assets available to meet cash needs within one year	<u><u>\$ 736,094</u></u>

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 had no outstanding balance on this line of credit as of December 31, 2023.