

EPIC INTERNATIONAL CORPORATION
(D.B.A. REACH THE REST)

FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT
Years Ended December 31, 2019 and 2018

EPIC INTERNATIONAL CORPORATION
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Board of Trustees
Epic International Corporation (d.b.a. Reach the Rest)
Clarksville, TN 37040

Management is responsible for the accompanying financial statements of Epic International Corporation (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flow for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management, and we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Mersereau, Lazenby & Rockas, LLC

Mersereau, Lazenby & Rockas, LLC
Certified Public Accountants
Suwanee, Georgia
June 3, 2020

EPIC INTERNATIONAL CORPORATION
STATEMENTS OF FINANCIAL POSITION
For the Years Ended December 31, 2019 and 2018

ASSETS		
	2019	2018
CURRENT ASSETS		
Cash	\$ 641,040	\$ 625,950
Other current assets	14,143	4,906
Total current assets	655,183	630,856
TOTAL ASSETS	\$ 655,183	\$ 630,856
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,201	\$ 16,780
TOTAL LIABILITIES	2,201	16,780
NET ASSETS		
Without donor restrictions		
Undesignated - expendable	632,711	262,084
Total net assets without donor restrictions	632,711	262,084
With donor restrictions	20,271	351,992
TOTAL NET ASSETS	652,982	614,076
TOTAL LIABILITIES AND NET ASSETS	\$ 655,183	\$ 630,856

See accountants' compilation report and accompanying notes to financial statements

EPIC INTERNATIONAL CORPORATION
STATEMENTS OF ACTIVITIES
December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Pledges and contributions	\$ 1,361,176	\$ 767,059	\$ 2,128,235	\$ 1,378,605	\$ 425,741	\$ 1,804,346
Interest income	295	-	295	350	-	350
Net assets released from restrictions						
Satisfaction of restrictions	1,098,780	(1,098,780)	-	591,647	(591,647)	-
Total support and revenue	\$ 2,460,251	\$ (331,721)	\$ 2,128,530	\$ 1,970,602	\$ (165,906)	\$ 1,804,696
EXPENSES						
Program services	\$ 1,780,518	\$ -	\$ 1,780,518	\$ 1,681,395	\$ -	\$ 1,681,395
Management and general	255,624	-	255,624	340,633	-	340,633
Fundraising	53,482	-	53,482	46,948	-	46,948
Total expenses	2,089,624	-	2,089,624	2,068,976	-	2,068,976
CHANGE IN NET ASSETS	370,627	(331,721)	38,906	(98,374)	(165,906)	(264,280)
NET ASSETS, Beginning of year	262,084	351,992	614,076	360,458	517,898	878,356
NET ASSETS, End of year	\$ 632,711	\$ 20,271	\$ 652,982	\$ 262,084	\$ 351,992	\$ 614,076

See accountants' compilation report and accompanying notes to financial statements

EPIC INTERNATIONAL CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
December 31, 2019 and 2018

	2019				2018			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
Compensation and related expenses	\$ 204,219	\$ 144,706	\$ -	\$ 348,925	\$ 251,965	\$ 183,642	\$ -	\$ 435,607
Bank charges	290	1,479	-	1,769	-	8,989	-	8,989
Events and meals	-	-	-	-	4,905	9,910	2,415	17,230
Foreign projects	1,539,078	-	-	1,539,078	1,278,351	16,000	-	1,294,351
Insurance	-	-	-	-	-	3,226	-	3,226
Marketing and printing	-	1,210	-	1,210	1,000	45	-	1,045
Materials and supplies	-	-	-	-	3,826	1,410	-	5,236
Miscellaneous	-	1,232	-	1,232	10,517	572	80	11,169
Office supplies	69	1,135	-	1,204	165	5,673	-	5,838
Postage and shipping	-	134	-	134	760	2,728	-	3,488
Professional fees	119	17,182	48,000	65,301	627	31,556	39,880	72,063
Telecommunications	728	4,462	-	5,190	134	6,221	-	6,355
Travel	36,015	84,084	5,482	125,581	129,145	70,661	4,573	204,379
Total expenses	<u>\$ 1,780,518</u>	<u>\$ 255,624</u>	<u>\$ 53,482</u>	<u>\$ 2,089,624</u>	<u>\$ 1,681,395</u>	<u>\$ 340,633</u>	<u>\$ 46,948</u>	<u>\$ 2,068,976</u>
<i>Percentage of total expenses</i>	<i>85%</i>	<i>12%</i>	<i>3%</i>		<i>81%</i>	<i>17%</i>	<i>2%</i>	

See accountants' compilation report and accompanying notes to financial statements

EPIC INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOW
December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 38,906	\$ (264,280)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in other current assets:		
Prepaid expenses and other current assets	(9,237)	(4,626)
Increase (decrease) in liabilities:		
Accounts payable	(14,579)	(2,857)
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	15,090	(271,763)
NET INCREASE (DECREASE) IN CASH	15,090	(271,763)
CASH, Beginning of year	625,950	897,713
CASH, End of year	\$ 641,040	\$ 625,950

See accountants' compilation report and accompanying notes to financial statements.

EPIC INTERNATIONAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

NOTE 1: NATURE OF ORGANIZATION

Epic International Corporation (d.b.a. Reach the Rest) is a Georgia non-profit ministry based in Clarksville, TN. Epic International Corporation (the "Organization") works with indigenous missionaries in Africa, the Middle East, and South Asia to deliver the Gospel to unengaged people groups, resourcing through support, technology, and training to help them reach neighboring cultures with God's truth. Its primary source of revenue is through contributions from individuals and other interested parties.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"). The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of cash on deposit with banks.

Concentrations of Credit Risk

Accounts maintained by banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. These accounts may, at times, exceed federally insured limits. The Organization has not experienced nor does it anticipate any losses in such accounts, and management believes that it is not exposed to any significant credit risk with respect to such accounts. As of December 31, 2019 and 2018, respectively the Organization had cash balances in excess of the federally insured limit by \$233,138 and \$375,950.

EPIC INTERNATIONAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions received are reported as net assets without donor restrictions or with donor restrictions if they are received with stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Contributions are tax-deductible within the limitations prescribed by the Code. The Organization is not a private foundation under Section 509(a)(1) of the Code.

US GAAP requires that uncertain tax positions be recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained on examination. As of December 31, 2019 and 2018, management has determined that the Organization had no uncertain tax positions that require recognition or disclosure in the financial statements.

Functional Allocation of Expenses

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll	Time and effort
Telecommunications	Time and effort

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. It is the Organization's policy to sell these donated securities and other noncash donations not used in the Organization as soon as practicable upon receipt. Accordingly, market value will approximate cost.

EPIC INTERNATIONAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

NOTE 3: AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31:

Financial assets at year end:	2019	2018
Cash	\$ 641,040	\$ 625,950
Other current assets	14,143	4,906
Total financial assets	\$ 655,183	\$ 630,856
Less amounts not available to be used within one year:		
Net assets with donor restrictions	20,271	351,992
Financial assets available to meet general expenditures over the next twelve months	\$ 634,912	\$ 278,864

NOTE 4: SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern”. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on donors, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact financial condition or results of operations is uncertain.

Subsequent events have been evaluated through June 3, 2020 which represents the date the financial statements were available to be issued. The Organization is not aware of any material subsequent events.