

LAY MISSION HELPERS ASSOCIATION  
FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

LAY MISSION HELPERS ASSOCIATION  
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DECEMBER 31, 2019

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**Certified Public Accountants**

Independent Auditor's Report

Board of Directors  
Lay Mission Helpers Association  
Los Angeles, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Lay Mission Helpers Association (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, and cash flows for the year 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 standards 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our audit 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 of 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lay Mission Helpers Association as of December 31, 2019, and the results of its activities, changes in net assets, and functional expenses for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

*Auary Accountancy Corporation*

December 1, 2020  
San Pedro, California

Certified Public Accountants

LAY MISSION HELPERS ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019

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ASSETS

**Current assets:**

Cash and cash equivalents	\$ 93,274
Total current assets	<u>93,274</u>

**Fixed assets:**

Land	
Vehicle	4,140
Furniture and equipment	<u>4,485</u>
Total fixed assets	8,625
Less: accumulated depreciation	<u>(6,211)</u>
Net fixed assets	2,414

**Other assets:**

Marketable securities	<u>1,420,679</u>
Total other assets	<u>1,420,679</u>

<b>Total assets</b>	<u><u>\$ 1,516,367</u></u>
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LIABILITIES AND NET ASSETS

**Current liabilities:**

Accounts payable	\$ 24,607
Accrued liabilities	20,474
Accrued missionary liabilities- current	<u>55,640</u>
Total current liabilities	100,721

**Long-term liabilities:**

Accrued missionary liabilities- long term	<u>87,900</u>
Total liabilities	<u>188,621</u>

**Net assets**

Without donor restrictions	<u>1,327,746</u>
Total net assets	<u>1,327,746</u>

<b>Total liabilities and net assets</b>	<u><u>\$ 1,516,367</u></u>
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See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION  
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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Changes in unrestricted net assets:

**Public support and revenue:**

Donations and appeals	\$ 444,203
Other revenue and expense	
Investment earnings	2,389
Unrealized gains/(losses) from investments	<u>237,717</u>
Total other revenue and expense	<u>240,106</u>
Total public support and revenue	684,309

**Expenses**

Program services	
Community services	352,091
Support services	
Management and general	90,590
Fundraising	<u>116,299</u>
Total expenses	<u>558,980</u>
Change in net assets without donor restrictions	125,329
Net assets without donor restrictions, beginning of year	<u>1,202,417</u>
Net assets without donor restrictions, end of year	<u><u>\$ 1,327,746</u></u>

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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Increase (decrease) in cash and cash equivalents

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 125,329
Adjustment to reconcile changes in net assets to net cash provided by operating activities	
Accumulated depreciation	1,402
(Increase) decrease in:	
Accounts payable - trade	5,987
Accrued expenses	39,148
Net cash provided by (used in) operating activities	<u>171,866</u>

CASH FLOW FROM INVESTING ACTIVITIES:

Additions to investment accounts	<u>(164,732)</u>
Net cash provided by investing activities	<u>(164,732)</u>

NET INCREASE IN CASH 7,134

CASH, beginning of the year 86,140

CASH, end of the year \$ 93,274

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

Account	PROGRAM SERVICES	SUPPORT SERVICES			Total Expenses
	Community Services	Management and General	Fund Raising	Total Support Services	
Program services	\$ 129,048	\$ -	\$ -	\$ -	\$ 129,048
House expenses	17,808	-	-	-	17,808
Program recruitment	23,142	-	-	-	23,142
Depreciation	-	1,403	-	1,403	1,403
Salaries & wages	120,243	30,061	50,101	80,162	200,405
Employee benefits	13,980	3,495	5,825	9,320	23,300
Workers compensation	263	1,284	-	1,284	1,547
Payroll taxes	8,796	2,199	3,665	5,864	14,660
Vehicle expenses	282	-	-	-	282
Office expenses	1,853	6,018	48	6,066	7,919
Advertising & marketing	6,747	2,249	2,249	4,498	11,245
Conferences & meetings	-	1,430	-	1,430	1,430
Equipment rental & maintenance	-	7,396	-	7,396	7,396
Insurance expense	-	4,541	-	4,541	4,541
Miscellaneous expenses	-	111	-	111	111
Postage	2,625	2,548	2,548	5,096	7,721
Printing	774	-	1,025	1,025	1,799
Professional fees	-	16,969	-	16,969	16,969
Rent, net of reimbursements	8,232	4,116	4,116	8,232	16,464
Telephone	6,568	2,190	2,190	4,380	10,948
Travel	7,712	2,571	2,571	5,142	12,854
Utilities	4,018	2,009	2,009	4,018	8,036
Fundraising expenses	-	-	39,952	39,952	39,952
<b>TOTAL EXPENSES</b>	<b>\$ 352,091</b>	<b>\$ 90,590</b>	<b>\$ 116,299</b>	<b>\$ 206,889</b>	<b>\$ 558,980</b>

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Lay Mission Helpers Association (the Organization) was incorporated pursuant to the nonprofit religious corporation laws of California and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization provides training and support for the lay missionaries who serve three years in mission dioceses around the world. They provide a four-month Formation Program for the lay missionaries, plus language training and support overseas. The Formation Program takes place in a setting of community living, participative learning, and prayer at the Mission House in Los Angeles, California.

Significant Accounting Policies

Accounting Basis and Financial Statement Presentation

The financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Support and Revenue

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Income Taxes

The Organization is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

LAY MISSION HELPERS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE B – INVESTMENTS

The Organization invests its funds, which consists of cash and mutual funds, in accounts with two brokerage firms. At December 31, 2019, investments are comprised of the following:

Cash equivalents	\$ -
Mutual funds	<u>1,420,679</u>
Total investments	<u>\$ 1,420,679</u>

Investment income earned for the year ended December 31, 2019 is as follows:

Realized and unrealized gains on investments	\$ 237,717
Interest and dividends	<u>2,389</u>
	<u>\$ 240,106</u>

NOTE C – FAIR VALUE MEASUREMENTS

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs: quoted market prices (unadjusted) for identical assets or liabilities in active markets, such as publicly traded securities.
- Level 2 inputs: observable inputs, including Level 1 prices that have been adjusted for differences in local markets; quoted prices for similar assets and liabilities; and other inputs corroborated by observable market data.
- Level 3 inputs: unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Description	<u>Fair value measurements at reporting date using</u>			
	Balance December 31, 2019	Level 1	Level 2	Level 3
<u>Cash equivalents</u>	\$ -	\$ -	\$ -	\$ -
<u>Mutual Funds:</u>				
Short Bond Fund	69,378	69,378	-	-
Balanced Fund	<u>1,351,301</u>	<u>1,351,301</u>	-	-
Total	<u>\$ 1,420,679</u>	<u>\$ 1,420,679</u>	<u>\$ -</u>	<u>\$ -</u>

LAY MISSION HELPERS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE C – FAIR VALUE MEASUREMENTS (Continued)

Fair value is an exit price, which represents the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value should be determined based on the assumptions that market participants would use in pricing the asset or liability.

NOTE D – NET ASSETS WITHOUT DONOR RESTRICTIONS

None of the Organization’s net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as Net Assets Without Donor Restrictions.

NOTE E - DONATED SERVICES

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition has not been satisfied.

NOTE F – OPERATING LEASE COMMITMENTS

The Organization is obligated under non-cancelable operating leases with terms of 5 to 10 years for office space, equipment, and the Mission House. The following is a schedule by year of future minimum rents under the leases at December 31, 2019:

Years ending December 31,	
2020	\$ 40,025
2021	41,225
2022	42,425
2023	<u>43,625</u>
Total	<u>\$ 167,300</u>

NOTE G – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses have been allocated based on salary expenditures.

NOTE H- ACCRUED MISSIONARY LIABILITES

At December 31, 2019 the organization had a commitment to five missionaries in the field through 2020, and four of the missionaries committed through 2021. Each mission is a 3 year commitment. Costs include a monthly stipend, vacation, travel, resettlement, airfare and insurance.

LAY MISSION HELPERS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE H- ACCRUED MISSIONARY LIABILITES (continued)

The following is the commitment by year for all missionaries as of December 31, 2019:

<u>Years ending December 31,</u>	
2020	\$ 55,640
2021	58,110
2022	<u>29,790</u>
Total	<u>\$ 143,540</u>

NOTE I- RELATED PARTY TRANSACTIONS

The Organization shares office space, equipment, personnel and other services with another nonprofit organization, Mission Doctors Association (MDA). Effective August 2013, the Organization formalized this arrangement by entering into a shared services agreement with MDA. Although MDA has a separate governing board, the Organizations do share significant personnel. MDA has a common mission and pays program service fees to the Organization so their missionary candidates can participate in the Organization's formation program for overseas training.

Both the Organization and MDA provide an invoice to the other on a monthly basis for shared service expenses incurred based on the agreement. During 2019, MDA reimbursed the Organization \$36,131 for administrative expenses, \$29,489 for rent, and \$22,716 for miscellaneous expenses.

NOTE J – SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Due to the coronavirus pandemic, the Organization had to move facilities in 2020 in order to save money on rental expenses. Other future potential impacts may include disruptions or restrictions on our employees' ability to work, and disruptions to future fundraising events and the ability to bring in other donations. The future effects of these issues are unknown.

The Organization evaluated subsequent events after the balance sheet date of December 31, 2019 through December 1, 2020, which was the date the financial statements were issued, and concluded that no additional disclosures are required.