

LAY MISSION HELPERS ASSOCIATION
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

LAY MISSION HELPERS ASSOCIATION
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DECEMBER 31, 2020

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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, 2020 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.

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, 2020, 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.

Johnson & Associates

September 13, 2021
Torrance, California

Certified Public Accountants

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 130,824
Total current assets	<u>130,824</u>

Fixed assets:

Vehicle	4,140
Furniture and equipment	<u>4,485</u>
Total fixed assets	8,625
Less: accumulated depreciation	<u>(7,598)</u>
Net fixed assets	1,027

Other assets:

Marketable securities	<u>1,427,270</u>
Total other assets	<u>1,427,270</u>

Total assets	<u><u>\$ 1,559,121</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 178
Accrued liabilities	17,567
Accrued missionary liabilities- current	26,420
Refundable advance	<u>33,006</u>
Total current liabilities	77,171

Long-term liabilities:

Accrued missionary liabilities- long term	<u>34,812</u>
Total liabilities	<u>111,983</u>

Net assets

Without donor restrictions	1,415,138
With donor restrictions	<u>32,000</u>
Total net assets	<u>1,447,138</u>

Total liabilities and net assets	<u><u>\$ 1,559,121</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Public support and revenue:</u>			
Donations and appeals	\$ 292,906	\$ 32,000	\$ 324,906
Other revenue and expense			
Investment earnings	1,532	-	1,532
Unrealized gains/(losses) from investments	<u>175,051</u>	<u>-</u>	<u>175,051</u>
Total other revenue and expense	<u>176,583</u>	<u>-</u>	<u>176,583</u>
Total public support and revenue	<u>469,489</u>	<u>32,000</u>	<u>501,489</u>
<u>Expenses</u>			
Program services			
Community services	291,345	-	291,345
Support services			
Management and general	96,422	-	96,422
Fundraising	<u>100,920</u>	<u>-</u>	<u>100,920</u>
Total expenses	<u>488,687</u>	<u>-</u>	<u>488,687</u>
Change in net assets	(19,198)	32,000	12,802
Net assets, beginning of year	1,327,746	-	1,327,746
Prior period adjustment	<u>106,590</u>	<u>-</u>	<u>106,590</u>
Net assets, end of year	<u>\$ 1,415,138</u>	<u>\$ 32,000</u>	<u>\$ 1,447,138</u>

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Increase (decrease) in cash and cash equivalents	
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 119,392
Adjustment to reconcile changes in net assets to net cash provided by operating activities	
Accumulated depreciation	1,387
Increase (decrease) in:	
Accounts payable - trade	(24,429)
Accrued expenses	(85,215)
Net cash provided by operating activities	<u>11,135</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Additions to investment accounts	<u>(6,591)</u>
Net cash used in investing activities	<u>(6,591)</u>
CASH FLOW FROM FINANCING ACTIVITIES:	
Net proceeds from refundable advance	<u>33,006</u>
Net cash provided by financing activities	<u>33,006</u>
NET INCREASE IN CASH	37,550
CASH, beginning of the year	<u>93,274</u>
CASH, end of the year	<u>\$ 130,824</u>

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

Account	PROGRAM SERVICES	SUPPORT SERVICES			Total Expenses
	Community Services	Management and General	Fund Raising	Total Support Services	
Program services	\$ 75,396	\$ -	\$ -	\$ -	\$ 75,396
House expenses	18,029	-	-	-	18,029
Program recruitment	22,846	-	-	-	22,846
Depreciation	-	1,387	-	1,387	1,387
Salaries & wages	114,864	45,125	45,125	90,250	205,114
Employee benefits	15,498	6,088	6,088	12,176	27,674
Workers compensation	163	798	-	798	961
Payroll taxes	11,357	4,462	4,462	8,924	20,281
Vehicle expenses	491	-	-	-	491
Office expenses	5,522	11,044	168	11,212	16,734
Advertising & marketing	3,420	-	855	855	4,275
Conferences & meetings	-	718	-	718	718
Equipment rental & maintenance	2,055	1,995	1,995	3,990	6,045
Insurance expense	-	4,170	-	4,170	4,170
Postage	1,815	1,761	1,761	3,522	5,337
Printing	835	-	1,107	1,107	1,942
Professional fees	-	12,053	-	12,053	12,053
Rent, net of reimbursements	4,036	2,018	2,018	4,036	8,072
Telephone	9,330	3,110	3,110	6,220	15,550
Travel	2,302	-	987	987	3,289
Utilities	3,386	1,693	1,693	3,386	6,772
Fundraising expenses	-	-	31,551	31,551	31,551
TOTAL EXPENSES	\$ 291,345	\$ 96,422	\$ 100,920	\$ 197,342	\$ 488,687

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 contributions without donor restrictions are recorded as revenue in the period received. Grants and contributions received with donor restrictions are recorded as donor restricted or deferred revenue depending on the nature of the donor restriction. When the donor restrictions have been met or expired, the funds are reclassified to net assets without donor restrictions. Unconditional promises to contribute in a future period are recorded at their net realizable value at the time the promise is made.

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, 2020

NOTE B – INVESTMENTS

The Organization invests its funds, which consists of cash and mutual funds, in accounts with two brokerage firms. At December 31, 2020, investments are comprised of the following:

Cash equivalents	\$ -
Mutual funds	<u>1,427,270</u>
Total investments	<u>\$ 1,427,270</u>

Investment income earned for the year ended December 31, 2020 is as follows:

Realized and unrealized gains on investments	\$ 175,051
Interest and dividends	<u>1,532</u>
	<u>\$ 176,583</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.

Fair value measurements at reporting date using

Description	Balance December 31, 2020	Level 1	Level 2	Level 3
Cash equivalents	\$ -	\$ -	\$ -	\$ -
Mutual Funds:				
Short Bond Fund	71,534	71,534	-	-
Balanced Fund	1,355,736	1,355,736	-	-
Total	<u>\$ 1,427,270</u>	<u>\$ 1,427,270</u>	<u>\$ -</u>	<u>\$ -</u>

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 – REFUNDABLE ADVANCE

On April 23, 2020, the Organization received loan proceeds in the amount of \$33,006 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part (NOTE M).

NOTE E – NET ASSETS WITH DONOR IMPOSED RESTRICTIONS

Donor restricted net assets amounting to \$32,000 at December 31, 2020 are available for future program services. Donations with purpose restrictions are those resources that are subject to donor-imposed stipulations that will be met, whether by actions of the Organization and/or by the passage of time. Net assets released from donor restrictions represents the satisfactions of the restricted purposes specified by the donor or the occurrence of other events.

NOTE F - 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.

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE G – OPERATING LEASE COMMITMENTS

The Organization is obligated under operating leases with terms of 5 to 10 years for equipment, and office space at the Mission House. The following is a schedule by year of future minimum rents under the leases at December 31, 2020:

Years ending December 31,	
2021	\$ 29,700
2022	30,900
2023	32,100
2024	33,300
2025	<u>34,500</u>
Total	<u>\$ 160,500</u>

NOTE H – 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 I - ACCRUED MISSIONARY LIABILITES

At December 31, 2020 the organization had a commitment to four missionaries in the field through 2021, and three of the missionaries committed through 2022. Each mission is a 3 year commitment. Costs include a monthly stipend, vacation, travel, resettlement, airfare and insurance.

The following is the commitment by year for all missionaries as of December 31, 2020:

<u>Years ending December 31,</u>	
2021	\$ 26,420
2022	24,882
2023	<u>9,930</u>
Total	<u>\$ 61,232</u>

NOTE J - 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 2020, MDA reimbursed the Organization \$33,531 for administrative expenses, \$22,351 for rent, and \$105 for miscellaneous expenses.

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE K – CORONAVIRUS PANDEMIC

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. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE L – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments totaling \$106,590 were made in 2020 to correct adjustments to accounts payable and accrued missionary liabilities record in prior years.

NOTE M – CONTINGENCIES AND SUBSEQUENT EVENTS

PPP Loan Forgiveness

The Organization applied for forgiveness on the PPP loan (NOTE D), the bank completed their review of the application, and sent it to the Small Business Administration where they were granted full forgiveness of the loan on January 19, 2021.

2nd PPP Loan

On February 17, 2021, the Organization received a second PPP loan in the amount of \$40,000. The terms of this loan are the same as the first (NOTE D).

The Organization evaluated subsequent events after the balance sheet date of December 31, 2020 through September 13, 2021, which was the date the financial statements were issued, and concluded that no additional disclosures are required, other than those described in the previous paragraphs.