

LAY MISSION HELPERS ASSOCIATION
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

LAY MISSION HELPERS ASSOCIATION
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DECEMBER 31, 2021

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Board of Directors
Lay Mission Helpers Association
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Lay Mission Helpers Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year 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 Lay Mission Helpers Association as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Lay Mission Helpers Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 Lay Mission Helpers Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 Lay Mission Helpers Association'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 Lay Mission Helpers Association'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.

Johnson & Associates

August 9, 2022
Torrance, California

Certified Public Accountants

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 189,197
Total current assets	<u>189,197</u>

Fixed assets:

Vehicle	4,140
Furniture and equipment	<u>4,485</u>
Total fixed assets	8,625
Less: accumulated depreciation	<u>(8,426)</u>
Net fixed assets	199

Other assets:

Marketable securities	<u>1,519,257</u>
Total other assets	<u>1,519,257</u>

Total assets	<u><u>\$ 1,708,653</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accrued liabilities	\$ 18,254
Accrued missionary liabilities- current	<u>53,992</u>
Total current liabilities	72,246

Long-term liabilities:

Accrued missionary liabilities- long term	<u>86,364</u>
Total liabilities	<u>158,610</u>

Net assets

Without donor restrictions	1,476,043
With donor restrictions	<u>74,000</u>
Total net assets	<u>1,550,043</u>

Total liabilities and net assets	<u><u>\$ 1,708,653</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Public support and revenue:</u>			
Donations and appeals	\$ 276,438	\$ 74,000	\$ 350,438
Other revenue and expense			
Investment earnings	1,577	-	1,577
Unrealized gains/(losses) from investments	190,299	-	190,299
Miscellaneous income	73,006	-	73,006
Total other revenue and expense	264,882	-	264,882
Net assets released from restriction	32,000	(32,000)	-
Total public support and revenue	573,320	42,000	615,320
<u>Expenses</u>			
Program services			
Community services	325,949	-	325,949
Support services			
Management and general	89,569	-	89,569
Fundraising	96,897	-	96,897
Total expenses	512,415	-	512,415
Change in net assets	60,905	42,000	102,905
Net assets, beginning of year	1,415,138	32,000	1,447,138
Net assets, end of year	<u>\$ 1,476,043</u>	<u>\$ 74,000</u>	<u>\$ 1,550,043</u>

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Increase (decrease) in cash and cash equivalents

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 102,905
Adjustment to reconcile changes in net assets to net cash provided by operating activities	
Accumulated depreciation	828
Forgiveness of debt	(73,006)
Increase (decrease) in:	
Accounts payable - trade	(178)
Accrued expenses	79,811
Net cash provided by operating activities	<u>110,360</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Additions to investment accounts	<u>(91,987)</u>
Net cash used in investing activities	<u>(91,987)</u>
CASH FLOW FROM FINANCING ACTIVITIES:	
Net proceeds from refundable advance	<u>40,000</u>
Net cash provided by financing activities	<u>40,000</u>
NET INCREASE IN CASH	58,373
CASH, beginning of the year	<u>130,824</u>
CASH, end of the year	<u><u>\$ 189,197</u></u>

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

Account	PROGRAM SERVICES	SUPPORT SERVICES			Total Expenses
	Community Services	Management and General	Fund Raising	Total Support Services	
Program services	\$ 144,414	\$ -	\$ -	\$ -	\$ 144,414
House expenses	23,567	-	-	-	23,567
Program recruitment	14,027	-	-	-	14,027
Depreciation	-	828	-	828	828
Salaries & wages	99,595	39,127	39,127	78,254	177,849
Employee benefits	13,572	5,332	5,332	10,664	24,236
Workers compensation	262	103	103	206	468
Payroll taxes	7,880	3,096	3,096	6,192	14,072
Vehicle expenses	1,356	-	-	-	1,356
Office expenses	2,536	5,071	77	5,148	7,684
Advertising & marketing	2,308	-	577	577	2,885
Equipment rental & maintenance	2,767	2,686	2,686	5,372	8,139
Insurance expense	-	2,768	-	2,768	2,768
Miscellaneous expenses	-	22	-	22	22
Postage	3,498	3,395	3,395	6,790	10,288
Printing	417	-	314	314	731
Professional fees	-	23,061	-	23,061	23,061
Telephone	4,240	1,413	1,413	2,826	7,066
Travel	175	-	75	75	250
Utilities	5,335	2,667	2,667	5,334	10,669
Fundraising expenses	-	-	38,035	38,035	38,035
TOTAL EXPENSES	\$ 325,949	\$ 89,569	\$ 96,897	\$ 186,466	\$ 512,415

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

NOTE B – INVESTMENTS

The Organization invests its funds, which consists of cash and mutual funds, in accounts with two brokerage firms. At December 31, 2021, investments are comprised of the following:

Cash equivalents	\$ -
Mutual funds	<u>1,519,257</u>
Total investments	<u>\$ 1,519,257</u>

Investment income earned for the year ended December 31, 2021 is as follows:

Realized and unrealized gains on investments	\$ 190,299
Interest and dividends	<u>1,577</u>
	<u>\$ 191,876</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	Fair value measurements at reporting date using			
	Balance December 31, 2021	Level 1	Level 2	Level 3
<u>Cash equivalents</u>	\$ -	\$ -	\$ -	\$ -
<u>Mutual Funds:</u>				
Short Bond Fund	609	609	-	-
Beta Plus Fund	1,447,245	1,447,245	-	-
Support Account	71,403	71,403		
Total	<u>\$ 1,519,257</u>	<u>\$ 1,519,257</u>	<u>\$ -</u>	<u>\$ -</u>

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 – MISCELLANEOUS INCOME

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 Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization applied and received loan forgiveness on January 19, 2021. The Organization initially record the loan as a forgivable loan and upon forgiveness, in accordance with guidelines for conditional contributions when there is no longer a measurable performance or other barriers and a right to return of the PPP loan to when such conditions are explicitly waived, reclassified the loan to miscellaneous income.

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

The Organization applied for forgiveness on the PPP loan, 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 October 19, 2021.

Miscellaneous income as of December 31, 2021 is \$73,006.

NOTE E – NET ASSETS WITH DONOR IMPOSED RESTRICTIONS

Donor restricted net assets amounting to \$74,000 at December 31, 2021 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, 2021

NOTE G – OPERATING LEASE COMMITMENTS

The Organization is obligated under an operating lease with a term of 10 years for office space at the Mission House. The following is a schedule by year of future minimum rents under the lease at December 31, 2021:

Years ending December 31,	
2022	\$ 30,900
2023	32,100
2024	33,300
2025	34,500
2026	<u>35,700</u>
Total	<u>\$ 166,500</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, 2021 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, 2021:

<u>Years ending December 31,</u>	
2022	\$ 53,992
2023	35,182
2024	<u>51,182</u>
Total	<u>\$ 140,356</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 2021, MDA reimbursed the Organization \$59,815 for administrative expenses, \$13,625 for rent expenses.

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events after the balance sheet date of December 31, 2021 through August 9, 2022, which was the date the financial statements were issued, and concluded that no additional disclosures are required.