

LAY MISSION HELPERS ASSOCIATION
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

LAY MISSION HELPERS ASSOCIATION
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DECEMBER 31, 2022

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Independent Auditor's Report

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, 2022, 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, 2022, 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

Torrance, California
September 7, 2023

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 96,592
Total current assets	<u>96,592</u>

Fixed assets:

Vehicle	7,321
Furniture and equipment	<u>4,485</u>
Total fixed assets	11,806
Less: accumulated depreciation	<u>(5,644)</u>
Net fixed assets	6,162

Other assets:

Marketable securities	1,226,101
Operating lease right of use asset	<u>272,945</u>
Total other assets	<u>1,499,046</u>

Total assets \$ 1,601,800

LIABILITIES AND NET ASSETS

Current liabilities:

Accrued liabilities	\$ 16,271
Accrued missionary liabilities- current	56,750
Current portion of operating lease liability	<u>31,486</u>
Total current liabilities	104,507

Long-term liabilities:

Accrued missionary liabilities- long term	34,750
Operating lease liabilities	<u>246,096</u>
Total long-term liabilities	<u>280,846</u>

Total liabilities 385,353

Net assets

Without donor restrictions	1,176,692
With donor restrictions	<u>39,755</u>
Total net assets	<u>1,216,447</u>

Total liabilities and net assets \$ 1,601,800

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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Public support and revenue:</u>			
Donations and appeals	275,775	\$ 39,755	\$ 315,530
Other revenue and expense			
Investment earnings	463	-	463
Unrealized gains/(losses) from investments	(229,209)	-	(229,209)
Miscellaneous income	2,000	-	2,000
	<u> </u>	<u> </u>	<u> </u>
Total other revenue and expense	(226,746)	-	(226,746)
Net assets released from restriction	<u>74,000</u>	<u>(74,000)</u>	<u>-</u>
Total public support and revenue	<u>123,029</u>	<u>(34,245)</u>	<u>88,784</u>
<u>Expenses</u>			
Program services			
Community services	287,759	-	287,759
Support services			
Management and general	82,881	-	82,881
Fundraising	100,596	-	100,596
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>471,236</u>	<u>-</u>	<u>471,236</u>
Change in net assets	(348,207)	(34,245)	(382,452)
Net assets, beginning of year	1,476,043	74,000	1,550,043
Prior period adjustment	<u>48,856</u>	<u>-</u>	<u>48,856</u>
Net assets, beginning of year, restated	1,524,899	74,000	1,598,899
Net assets, end of year	<u>\$ 1,176,692</u>	<u>\$ 39,755</u>	<u>\$ 1,216,447</u>

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (382,452)
Adjustment to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	1,358
Unrealized loss on investment	293,156
Increase (decrease) in:	
Accrued expenses	(1,983)
Operating lease liabilities	4,637
Net cash used in operating activities	<u>(85,284)</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Fixed assets	<u>(7,321)</u>
Net cash used in investing activities	<u>(7,321)</u>
NET DECREASE IN CASH	(92,605)
CASH, beginning of the year	<u>189,197</u>
CASH, end of the year	<u><u>\$ 96,592</u></u>

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Account	PROGRAM SERVICES	SUPPORT SERVICES			Total Expenses
	Community Services	Management and General	Fund Raising	Total Support Services	
Program services	\$ 94,521	\$ -	\$ -	\$ -	\$ 94,521
House expenses	25,786	-	-	-	25,786
Program recruitment	26,882	-	-	-	26,882
Depreciation	-	1,358	-	1,358	1,358
Salaries & wages	99,961	39,270	39,270	78,540	178,501
Employee benefits	14,948	5,873	5,873	11,746	26,694
Workers compensation	316	125	125	250	566
Payroll taxes	8,112	3,186	3,186	6,372	14,484
Vehicle expenses	600	-	-	-	600
Office expenses	2,057	4,114	62	4,176	6,233
Advertising & marketing	946	-	236	236	1,182
Conferences & meetings	-	176	-	176	176
Equipment rental & maintenance	2,756	2,674	2,674	5,348	8,104
Insurance expense	-	4,291	-	4,291	4,291
Miscellaneous expenses	-	112	-	112	112
Postage	883	858	858	1,716	2,599
Printing	1,929	-	1,455	1,455	3,384
Professional fees	-	17,652	-	17,652	17,652
Telephone	4,459	1,487	1,487	2,974	7,433
Travel	193	-	83	83	276
Utilities	3,410	1,705	1,705	3,410	6,820
Fundraising expenses	-	-	43,582	43,582	43,582
TOTAL EXPENSES	\$ 287,759	\$ 82,881	\$ 100,596	\$ 183,477	\$ 471,236

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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.

Fixed Assets

Fixed assets consist of furniture and fixtures and a vehicle and include expenditures which substantially extend the useful life of the assets. Maintenance, repairs and minor renewals are expensed as incurred.

Depreciation is provided based upon various useful lives of the related assets using the straight-line method of depreciation over the following estimated useful lives:

Furniture and fixtures	7 years
Vehicle	5 years

Depreciation expenses amounted to \$1,358 at December 31, 2022. The Organization received a Honda Civic vehicle donation with a fair market value of \$7,321 in March 2022.

Support and Revenue

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

Grants and contributions are recorded as revenue in the period received, and net assets with or without donor restrictions, depending on the existence and nature of any donor restriction or by law. 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.

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

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.

Adoption of New Accounting Pronouncement for Leases

As of January 1, 2022, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*. The ASU requires lessees to recognize a right-to-use (ROU) asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. The Organization elected to adopt the ASU using the modified retrospective method as of January 1, 2022. The Organization has elected to apply the following practical expedients:

- The Organization did not reassess if expired or existing contracts are or contain a lease.
- The Organization did not reassess the lease classification for expired or existing leases.
- The Organization has used hindsight to determine the lease term and fix assessing impairment of the ROU assets for existing leases.
- The Organization has not reassessed whether any existing or expired land easements that were not previously classified as leases are or contain a lease.

Operating lease liabilities are recognized at the lease commencement date based on the present value of the fixed lease payments using the Organization's incremental borrowing rates for its lease. Related operating ROU assets are recognized based on the initial present value of the fixed lease payments, reduced by contributions from landlords, plus any prepaid rent and direct costs from executing the lease. ROU assets are tested for impairment in the same manner as long-lived assets. Lease terms include the noncancellable portion of the underlying lease along with any reasonably certain lease periods associated with available renewal periods and termination options. Lease agreements with lease and non-lease components are combined as a single lease component for all classes of underlying assets.

Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Organization recognizes lease expenses for this lease on a straight-line basis over the lease term.

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – INVESTMENTS

The Organization invests its funds, which consists of cash and mutual funds, in accounts with two brokerage firms. At December 31, 2022, investments are comprised of the following:

Cash equivalents	\$ 10
Mutual funds	<u>1,226,091</u>
Total investments	<u>\$ 1,226,101</u>

Investment income earned for the year ended December 31, 2022 is as follows:

Realized and unrealized loss on investments	\$ (229,209)
Interest and dividends	<u>463</u>
	<u>\$ (228,746)</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, 2022	Level 1	Level 2	Level 3
Cash equivalents	\$ 10	\$ 10	\$ -	\$ -
Mutual Funds:				
Short Bond Funds	69,654	69,654	-	-
Beta Plus Fund	1,156,437	1,156,437	-	-
Total	<u>\$ 1,226,101</u>	<u>\$ 1,226,101</u>	<u>\$ -</u>	<u>\$ -</u>

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 March 25, 2022, the Organization sold the 2003 Infiniti, originally donated in 2017, for \$2,000.

Miscellaneous income as of December 31, 2022 is \$2,000.

NOTE E – NET ASSETS WITH DONOR IMPOSED RESTRICTIONS

Donor restricted net assets amounting to \$39,755 at December 31, 2022 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.

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. Under a 4th amendment to the original lease, the term is effective October 1, 2020 through September 30, 2030. The rent amount increases \$100/month each October 1st. The discount rate is 0.25% based upon the 10-Year Treasury rate in 2020. Operating lease expenses totaled \$32,987 as of December 31, 2022.

At December 31, 2022, the maturity of lease liability is as follows:

Years ending December 31,	
2023	\$ 31,486
2024	32,768
2025	34,053
2026	35,341
2027	36,632
And beyond	<u>107,302</u>
Total	277,582
Less imputed interest	<u>(2,468)</u>
Total discounted lease payments	<u>\$ 275,114</u>

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE H – LIQUIDITY AND AVAILABILITY

At December 31, 2022, the Organization had \$1,322,693 cash, cash equivalents and investment accounts available to meet needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Organization in the next 12 months.

Cash and equivalents	\$ 96,592
Cash investment account	<u>1,226,101</u>
Total liquid assets	<u>\$ 1,322,693</u>

NOTE I – 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 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 2022, MDA reimbursed the Organization \$62,582 for administrative expenses and \$14,175 for rent expenses.

NOTE K - ACCRUED MISSIONARY LIABILITES

At December 31, 2022 the Organization had a commitment to four missionaries in the field through 2023, two committed through 2024, and one committed through 2025. 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, 2022:

<u>Years ending December 31,</u>	
2023	\$ 56,750
2024	21,700
2025	<u>13,050</u>
Total	<u>\$ 91,500</u>

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE L – 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. All missionaries were brought home for their safety. 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. (See Notes M and N)

NOTE M – PRIOR PERIOD ADJUSTMENT

Due to the COVID-19 pandemic, the missionaries were all brought back to the United States in 2020. As a result of this, the future missionary liabilities had been overestimated and required a prior period adjustment at December 31, 2022. This resulted in beginning liabilities being overstated by \$48,856 and beginning net assets understated by the same amount. This adjustment is reflected on the Statement of Activities and Changes in Net Assets.

NOTE N – SUBSEQUENT EVENTS

Coronavirus Pandemic

On May 5, 2023, the World Health Organization declared an end to the global Public Health Emergency for COVID-19. (See Note L)

Date of Organization's Review

The Organization evaluated subsequent events after the balance sheet date of December 31, 2022 through September 7, 2023, which was the date the financial statements were issued, and concluded that no additional disclosures are required.