

**LAY MISSION HELPERS ASSOCIATION
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2023

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**JOHNSON
& ASSOCIATES**

AN ACCOUNTANCY CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the 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, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows 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, 2023, and the changes in its 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 it 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 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
An Accountancy Corporation
Torrance, California
January 8, 2025

**LAY MISSION HELPERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ <u>48,684</u>
TOTAL CURRENT ASSETS	<u>48,684</u>
FIXED ASSETS	
Vehicle	7,321
Furniture and equipment	<u>4,485</u>
Total fixed assets	11,806
Less: accumulated depreciation	<u>(7,108)</u>
NET FIXED ASSETS	<u>4,698</u>
OTHER ASSETS	
Investments	1,185,132
Operating lease right of use asset	<u>238,022</u>
TOTAL OTHER ASSETS	<u>1,423,154</u>
TOTAL ASSETS	\$ <u><u>1,476,536</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accrued liabilities	\$ 20,848
Current portion of operating lease liability	<u>32,768</u>
TOTAL CURRENT LIABILITIES	<u>53,616</u>
LONG-TERM LIABILITY	
Operating lease liability	<u>213,328</u>
TOTAL LONG-TERM LIABILITY	<u>213,328</u>
TOTAL LIABILITIES	<u>266,944</u>
NET ASSETS	
Without donor restrictions	1,172,302
With donor restrictions	<u>37,290</u>
TOTAL NET ASSETS	<u>1,209,592</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>1,476,536</u></u>

See accompanying notes to financial statements.

**LAY MISSION HELPERS ASSOCIATION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Donations and appeals	\$ 218,780	\$ 60,000	\$ 278,780
Other revenue and expense:			
Investment earnings	27,647	-	27,647
Unrealized gain on investments	<u>146,352</u>	<u>-</u>	<u>146,352</u>
Total other revenue and expense	173,999	-	173,999
Net assets released from restriction	<u>62,465</u>	<u>(62,465)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>455,244</u>	<u>(2,465)</u>	<u>452,779</u>
EXPENSES			
Program services:			
Community services	324,035	-	324,035
Support services:			
Management and general	95,970	-	95,970
Fundraising	<u>106,935</u>	<u>-</u>	<u>106,935</u>
TOTAL EXPENSES	<u>526,940</u>	<u>-</u>	<u>526,940</u>
CHANGE IN NET ASSETS	(71,696)	(2,465)	(74,161)
NET ASSETS, beginning of the year	1,176,692	39,755	1,216,447
Prior period adjustment	<u>67,306</u>	<u>-</u>	<u>67,306</u>
NET ASSETS, beginning of the year, restated	<u>1,243,998</u>	<u>39,755</u>	<u>1,283,753</u>
NET ASSETS, end of year	\$ <u>1,172,302</u>	\$ <u>37,290</u>	\$ <u>1,209,592</u>

See accompanying notes to financial statements.

**LAY MISSION HELPERS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services	Administrative and General	Fundraising	Total Support Services	Total
<u>Salaries and Other Related Expenses</u>					
Program services	\$ 102,680	\$ -	\$ -	\$ -	\$ 102,680
House expenses	25,610	-	-	-	25,610
Program recruitment	30,340	-	-	-	30,340
Depreciation	-	1,464	-	1,464	1,464
Salaries and wages	106,185	41,716	41,716	83,432	189,617
Employee benefits	16,309	6,408	6,408	12,816	29,125
Workers' compensation	334	131	131	262	596
Payroll taxes	9,153	3,596	3,596	7,192	16,345
Vehicle expenses	5,682	-	-	-	5,682
Office expenses	2,968	5,937	90	6,027	8,995
Advertising and marketing	10,613	-	2,653	2,653	13,266
Conferences and meetings	-	114	-	114	114
Equipment rental and maintenance	2,818	2,734	2,734	5,468	8,286
Insurance expense	-	3,287	-	3,287	3,287
Postage	1,630	1,582	1,582	3,164	4,794
Printing	905	-	683	683	1,588
Professional fees	-	25,715	-	25,715	25,715
Telephone	4,313	1,438	1,438	2,876	7,189
Travel	800	-	343	343	1,143
Utilities	3,695	1,848	1,848	3,696	7,391
Fundraising expenses	-	-	43,713	43,713	-
TOTAL EXPENSES	\$ <u>324,035</u>	\$ <u>95,970</u>	\$ <u>106,935</u>	\$ <u>202,905</u>	\$ <u>526,940</u>

See accompanying notes to financial statements.

**LAY MISSION HELPERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Cash flows from operating activities:	
Change in net assets	\$ <u>(74,161)</u>
Adjustment to reconcile change in net assets to net cash used in operating activities	
Depreciation	1,464
Interest income	(27,647)
Unrealized gain on investments	(146,352)
(Increase) decrease in:	
Operating lease right of use asset	34,923
Increase (decrease) in:	
Accrued liabilities	4,577
Operating lease liability	<u>(31,486)</u>
Total adjustment	<u>(164,521)</u>
Net cash used in operating activities	<u>(238,682)</u>
Cash flows from investing activities:	
Withdrawals from investments	<u>214,968</u>
Net cash provided by investing activities	<u>214,968</u>
Net decrease in cash	(23,714)
CASH AND CASH EQUIVALENTS, beginning of year, restated	<u>72,398</u>
CASH AND CASH EQUIVALENTS, end of year	\$ <u><u>48,684</u></u>

See accompanying notes to financial statements.

**LAY MISSION HELPERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Income Taxes

The Organization is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, there was no unrelated business taxable income earned during the year ended December 31, 2023. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization believes that all relevant tax positions have been adequately addressed. Generally, the Organization's federal and state income tax returns remain open for tax examinations for three to four years, respectively, after filing of the returns.

Cash and Cash Equivalents

The Organization considers all cash, cash equivalents, and highly liquid financial instruments available for current use with an original maturity of three months or less when purchased to be cash and cash equivalents.

Concentrations of Credit Risk

The Organization maintains its operating bank accounts primarily at one financial institution. The Federal Deposit Insurance Corporation (FDIC) insures accounts at this financial institution. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced, nor do they anticipate, any losses in such accounts.

**LAY MISSION HELPERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023**

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

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. The fair value of investments is determined by reference to quoted market prices. Investment purchases and sales are accounted for on the trade date.

Realized gains and losses on the sale of securities are recognized based on the sale proceeds compared to the original cost of the investment when acquired, on a specific identification method. Dividend income is recognized on the ex-dividend date while interest income is recognized on the accrual basis. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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 on the straight-line method over the following estimated useful lives:

Furniture and fixtures	7 years
Vehicle	5 years

Depreciation expenses amounted to \$1,464 for the year ended December 31, 2023.

Support and Revenue

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

Grants and contributions are recorded as revenue in the period received, and as 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 give 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 FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023**

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

Classification of Net Assets

Net assets, revenue and support of the Organization are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets without Donor Restrictions - Net assets not subject to or are no longer subject to donor-imposed restrictions.
- Net Assets with Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases

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 Right of Use (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 non-cancellable 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 and are recorded as lease expense on a straight-line basis over the lease term.

**LAY MISSION HELPERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023**

NOTE B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year are as follows:

Cash and equivalents	\$ 48,684
Cash investment account	<u>1,185,132</u>
Financial assets available for expenditure within one year	\$ <u>1,233,816</u>

Based on the table above, the Organization has \$1,233,816 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, of which \$37,290 are subject to donor or other contractual restrictions.

NOTE C – NET ASSETS WITH DONOR IMPOSED RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2023:

Recruitment and missionary support	\$ 11,290
Ghana mission support	25,000
Computer purchase	<u>1,000</u>
Total donor restricted net assets	\$ <u>37,290</u>

NOTE D – INVESTMENTS

The Organization invests its funds, which consists of cash and cash equivalents, and mutual funds, in accounts with two brokerage firms. At December 31, 2023, investments are comprised of the following:

Cash and cash equivalents	\$ 10
Mutual funds	<u>1,185,122</u>
Total investments	\$ <u>1,185,132</u>

Investment income earned for the year ended December 31, 2023, is as follows:

Unrealized gain on investments	\$ 146,352
Interest and dividends	<u>27,647</u>
	\$ <u>173,999</u>

**LAY MISSION HELPERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023**

NOTE E - FUTURE MISSIONARY COMMITMENTS

At December 31, 2023 the Organization had a commitment to four missionaries in the field through 2024, three committed through 2025, and two committed through 2026. Each mission is a 3-year commitment. Costs include a monthly stipend, vacation, travel, resettlement, airfare and insurance.

The following is the future commitment by year for all missionaries as of December 31, 2023:

<u>Years ended December 31,</u>	
2024	\$ 44,200
2025	31,550
2026	<u>26,100</u>
Total	\$ <u>101,850</u>

NOTE F – 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).

A three-tier hierarchy categorizes the inputs as follows:

Level 1- Quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the organization develops input using the best information available in the circumstances.

**LAY MISSION HELPERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023**

NOTE F – FAIR VALUE MEASUREMENTS (CONTINUED)

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:

<u>Description</u>	Balance December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Cash equivalents	\$ 10	\$ 10	\$ -	\$ -
Mutual funds:				
Short Bond Funds	73,162	73,162	-	-
Beta Plus Funds	<u>1,111,960</u>	<u>1,111,960</u>	-	-
 Total	 \$ <u>1,185,132</u>	 \$ <u>1,185,132</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 - 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 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.

The Organization provides an invoice to MDA monthly for shared service expenses incurred based on the agreement. During 2023, MDA reimbursed the Organization \$61,367 for administrative expenses and \$16,050 for rent expenses.

**LAY MISSION HELPERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023**

NOTE J - ADOPTION OF ASU 2016-13 AND RELATED STANDARDS

Effective January 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Organization that are subject to ASU 2016-13 include trade accounts receivable. The adoption of this ASU did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

NOTE K – 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 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 \$35,537 for the year ended December 31, 2023. Lease and other housing expenses are net of the reimbursements from MDA and categorized as Housing Expenses on the Statement of Functional Expenses (Note I).

Future minimum lease payments required under the lease liability are as follows:

Years ending December 31,		
2024	\$	33,300
2025		34,500
2026		35,700
2027		36,900
2028		38,100
2029 and thereafter		<u>69,450</u>
Total future minimum obligations		247,950
Less imputed interest		<u>(1,854)</u>
Present value of operating lease liabilities		246,096
Less current portion		<u>(32,768)</u>
	\$	<u><u>213,328</u></u>

**LAY MISSION HELPERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023**

NOTE L – PRIOR PERIOD ADJUSTMENTS

Certain errors resulting in an overstatement of previously reported cash and an overstatement of an accrued liability were discovered during the current year. Accordingly, adjustments of \$24,194 and \$91,500 were made to decrease cash and an accrued liability, respectively as of the beginning of the year. A corresponding entry of \$67,306 was made to increase previously reported net assets. Beginning net assets as of December 31, 2022, were restated from \$1,216,447 to \$1,283,753.

NOTE M – CORONAVIRUS PANDEMIC

The COVID-19 pandemic, whose effect first became known in January 2020, has had a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value and volatility resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. In addition, COVID-19 has had an impact on the safety and effectiveness of the Organization's missionaries abroad.

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

NOTE N - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 8, 2025, the date on which the financial statements were available to be issued.