

LAY MISSION HELPERS ASSOCIATION
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

LAY MISSION HELPERS ASSOCIATION
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DECEMBER 31, 2018

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Suarez Accountancy Corporation
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, 2018 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, 2018, 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.

Amny Accountancy Corporation

August 5, 2019
San Pedro, California

Certified Public Accountants

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 86,139
Total current assets	<u>86,139</u>

Fixed assets:

Vehicle	4,140
Furniture and equipment	<u>4,485</u>
Total fixed assets	8,625
Less: accumulated depreciation	<u>(4,809)</u>
Net fixed assets	3,816

Other assets:

Long-term investments	
Annuity	364
Marketable securities	<u>1,255,583</u>
Total other assets	1,255,947

Total assets	<u><u>\$ 1,345,902</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 18,619
Accrued liabilities	20,246
Accrued missionary liabilities- current	<u>30,650</u>
Total current liabilities	69,515

Long-term liabilities:

Accrued missionary liabilities- long term	<u>73,970</u>
Total liabilities	<u>143,485</u>

Net assets

Unrestricted	<u>1,202,417</u>
Total net assets	<u>1,202,417</u>

Total liabilities and net assets	<u><u>\$ 1,345,902</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, 2018

Changes in unrestricted net assets:

Public support and revenue:

Donations and appeals	\$ 329,964
Other revenue and expense	
Investment earnings	10,739
Unrealized gains/(losses) from investments	<u>(51,612)</u>
Total other revenue and expense	<u>(40,873)</u>
Total public support and revenue	289,091

Expenses

Program services	
Community services	296,079
Support services	
Management and general	83,356
Fundraising	<u>109,152</u>
Total expenses	<u>488,587</u>
Change in unrestricted net assets	(199,496)
Unrestricted net assets, beginning of year	<u>1,401,913</u>
Prior period adjustment	
Unrestricted net assets, end of year	<u><u>\$ 1,202,417</u></u>

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Increase (decrease) in cash and cash equivalents

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (199,496)
Adjustment to reconcile changes in net assets to net cash provided by operating activities	
Accumulated depreciation	1,403
Increase (decrease) in:	
Accounts payable - trade	5,432
Accrued expenses	2,032
Net cash provided by (used in) operating activities	<u>(190,629)</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Additions to investment accounts	<u>146,103</u>
Net cash provided by investing activities	<u>146,103</u>
NET DECREASE IN CASH	(44,526)
CASH, beginning of the year	<u>130,665</u>
CASH, end of the year	<u><u>\$ 86,139</u></u>

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

Account	PROGRAM SERVICES	SUPPORT SERVICES			Total Expenses
	Community Services	Management and General	Fund Raising	Total Support Services	
Program services	\$ 94,571	\$ -	\$ -	\$ -	\$ 94,571
House expenses	17,050	-	-	-	17,050
Program recruitment	23,589	-	-	-	23,589
Depreciation	-	1,402	-	1,402	1,402
Salaries & wages	103,664	25,916	43,194	69,110	172,774
Employee benefits	11,819	2,955	4,925	7,880	19,699
Workers compensation	272	1,326	-	1,326	1,598
Payroll taxes	8,867	2,217	3,695	5,912	14,779
Vehicle expenses	2,128	-	-	-	2,128
Advertising & marketing	3,837	1,279	1,279	2,558	6,395
Conferences & meetings	-	2,420	-	2,420	2,420
Equipment rental & maintenance	-	7,319	-	7,319	7,319
Insurance expense	-	4,343	-	4,343	4,343
Miscellaneous expenses	-	217	-	217	217
Postage	2,378	2,308	2,308	4,617	6,995
Printing	696	-	922	922	1,618
Professional fees	-	16,365	-	16,365	16,365
Rent, net of reimbursements	7,959	3,979	3,979	7,959	15,917
Telephone	6,704	2,235	2,235	4,470	11,175
Travel	6,902	2,301	2,301	4,602	11,504
Utilities	4,204	2,102	2,102	4,204	8,407
Fundraising expenses	-	-	42,176	42,176	42,176
TOTAL EXPENSES	\$ 296,079	\$ 83,356	\$ 109,152	\$ 192,508	\$ 488,587

See accompanying notes to the financial statements.

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018

NOTE B – INVESTMENTS

The Organization invests its funds, which consists of cash and mutual funds, in accounts with two brokerage firms. At December 31, 2018, investments are comprised of the following:

Cash equivalents	\$ -
Mutual funds	<u>1,255,574</u>
Total investments	<u>\$ 1,255,574</u>

Investment income earned for the year ended December 31, 2018 is as follows:

Realized and unrealized gains on investments	\$ (51,612)
Interest and dividends	<u>10,739</u>
	<u>\$ (40,873)</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, 2018	Level 1	Level 2	Level 3
<u>Cash equivalents</u>	\$ -	\$ -	\$ -	\$ -
<u>Mutual Funds:</u>				
Short Bond Fund	66,620	66,620	-	-
Balanced Fund	<u>1,188,954</u>	<u>1,188,954</u>	-	-
Total	<u>\$ 1,255,574</u>	<u>\$ 1,255,574</u>	<u>\$ -</u>	<u>\$ -</u>

LAY MISSION HELPERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 – UNRESTRICTED NET ASSETS

None of the Organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets.

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, 2018:

Years ending December 31,	
2019	\$ 40,025
2020	41,225
2021	42,425
2022	<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, 2018 the organization had a commitment to five missionaries in the field through 2019, 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, 2018

NOTE H- ACCRUED MISSIONARY LIABILITES (continued)

The following is the commitment by year for all missionaries as of December 31, 2018:

<u>Years ending December 31,</u>	
2019	\$ 30,650
2020	34,250
2021	<u>39,720</u>
Total	<u>\$ 104,620</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 2018, MDA reimbursed the Organization \$20,875 for administrative expenses, \$28,260 for rent, and \$12,177 for miscellaneous expenses.

NOTE J – SUBSEQUENT EVENTS

The Organization evaluated subsequent events after the balance sheet date of December 31, 2018 through August 5, 2019, which was the date the financial statements were issued, and concluded that no additional disclosures are required.