



MOMS IN PRAYER

Financial Statements
With Independent Auditors' Report

June 30, 2020 and 2019

MOMS IN PRAYER

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Moms in Prayer
Poway, California

Report on the Financial Statements

We have audited the accompanying statements of financial position of Moms in Prayer as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 principles 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Moms in Prayer
Poway, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Moms in Prayer as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

San Diego, California
November 13, 2020

MOMS IN PRAYER

Statements of Financial Position

| | June 30, | |
|---|-------------------|-------------------|
| | 2020 | 2019 |
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 374,324 | \$ 191,498 |
| Accounts receivable | 1,194 | 3,647 |
| Inventory | 76,925 | 62,697 |
| Prepaid expenses and other assets | 4,818 | 31,237 |
| | 457,261 | 289,079 |
| Non-current assets: | | |
| Endowment investments | 391,275 | 472,804 |
| Furniture and equipment - net | 65,316 | 44,241 |
| | 456,591 | 517,045 |
| Total Assets | \$ 913,852 | \$ 806,124 |
| LIABILITIES AND NET ASSETS: | | |
| Current liabilities: | | |
| Accounts payable | \$ 4,049 | \$ 3,727 |
| Accrued expenses | 41,139 | 33,513 |
| Deferred revenue | 10,524 | 24,571 |
| Capital lease obligations, current portion | 2,670 | 3,023 |
| | 58,382 | 64,834 |
| Paycheck Protection Program loan | 50,185 | - |
| Capital lease obligations, net of current portion | 15,591 | - |
| | 124,158 | 64,834 |
| Net assets: | | |
| Without donor restrictions | 447,829 | 417,687 |
| With donor restrictions | 341,865 | 323,603 |
| | 789,694 | 741,290 |
| Total Liabilities and Net Assets | \$ 913,852 | \$ 806,124 |

See notes to financial statements

MOMS IN PRAYER

Statements of Activities

| | Year Ended June 30, | | | | | |
|---|----------------------------|-------------------------|-------------------|----------------------------|-------------------------|-------------------|
| | 2020 | | | 2019 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT, REVENUE, AND RECLASSIFICATIONS: | | | | | | |
| Contributions | \$ 1,154,634 | \$ 22,442 | \$ 1,177,076 | \$ 1,148,736 | \$ 32,291 | \$ 1,181,027 |
| Retreat revenue | 74,568 | - | 74,568 | 93,995 | - | 93,995 |
| Book sale income, net | 50,729 | - | 50,729 | 52,950 | - | 52,950 |
| Grant revenue | - | 132,315 | 132,315 | - | - | - |
| Other income | 8,108 | 9,162 | 17,270 | 17,605 | 22,078 | 39,683 |
| Net assets released from restrictions: | | | | | | |
| Satisfaction of ministry program restrictions | 145,657 | (145,657) | - | 26,993 | (26,993) | - |
| Total Support, Revenue, and Reclassification | <u>1,433,696</u> | <u>18,262</u> | <u>1,451,958</u> | <u>1,340,279</u> | <u>27,376</u> | <u>1,367,655</u> |
| EXPENSES: | | | | | | |
| Program services | 1,188,436 | - | 1,188,436 | 1,164,313 | - | 1,164,313 |
| Supporting activities: | | | | | | |
| General and administrative | 175,713 | - | 175,713 | 176,337 | - | 176,337 |
| Fundraising | 39,405 | - | 39,405 | 60,083 | - | 60,083 |
| Total Expenses | <u>1,403,554</u> | <u>-</u> | <u>1,403,554</u> | <u>1,400,733</u> | <u>-</u> | <u>1,400,733</u> |
| Change in Net Assets | 30,142 | 18,262 | 48,404 | (60,454) | 27,376 | (33,078) |
| Net Assets, Beginning of Year | <u>417,687</u> | <u>323,603</u> | <u>741,290</u> | <u>478,141</u> | <u>296,227</u> | <u>774,368</u> |
| Net Assets, End of Year | <u>\$ 447,829</u> | <u>\$ 341,865</u> | <u>\$ 789,694</u> | <u>\$ 417,687</u> | <u>\$ 323,603</u> | <u>\$ 741,290</u> |

See notes to financial statements

MOMS IN PRAYER

Statements of Functional Expenses

| | Year Ended June 30, | | | | | | | |
|--------------------------------|----------------------------|--------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|----------------------------|
| | 2020 | | | | 2019 | | | |
| | Program Services | Supporting Activities: | | Total | Program Services | Supporting Activities: | | Total |
| | Management and General | Fundraising | | Management and General | Fundraising | | | |
| Salaries, wages, and benefits | \$ 761,051 | \$ 97,344 | \$ 26,548 | \$ 884,943 | \$ 773,433 | \$ 98,928 | \$ 26,980 | \$ 899,341 |
| Services and professional fees | 145,417 | 44,071 | 1,960 | 191,448 | 175,594 | 42,768 | 1,907 | 220,269 |
| Office and occupancy | 103,405 | 32,016 | 9,837 | 145,258 | 113,607 | 33,014 | 31,018 | 177,639 |
| Travel | 158,026 | - | 1,060 | 159,086 | 87,033 | - | 178 | 87,211 |
| Depreciation and amortization | 20,280 | 2,253 | - | 22,533 | 13,837 | 1,537 | - | 15,374 |
| Interest | 257 | 29 | - | 286 | 809 | 90 | - | 899 |
| Total Expenses | <u>\$ 1,188,436</u> | <u>\$ 175,713</u> | <u>\$ 39,405</u> | <u>\$ 1,403,554</u> | <u>\$ 1,164,313</u> | <u>\$ 176,337</u> | <u>\$ 60,083</u> | <u>\$ 1,400,733</u> |

See notes to financial statements

MOMS IN PRAYER

Statements of Cash Flows

| | Year Ended June 30, | |
|--|---------------------|-------------|
| | 2020 | 2019 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 48,404 | \$ (33,078) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Gain on loan forgiveness | (132,315) | - |
| Depreciation and amortization | 22,533 | 15,374 |
| Reinvested dividends on investments and assets held for endowment | (11,015) | (13,334) |
| Gain on disposal of furniture and equipment | 704 | - |
| Realized and unrealized gain on endowment investments | (1,552) | (24,078) |
| Net change in: | | |
| Accounts receivable | 2,453 | 2,748 |
| Inventory | (14,228) | 14,352 |
| Prepaid expenses and other assets | 26,419 | (19,441) |
| Accounts payable | 322 | (5,604) |
| Accrued expenses | 7,626 | 9,001 |
| Deferred revenue | (14,047) | (27,005) |
| Net Cash Provided (Used) by Operating Activities | (64,696) | (81,065) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of furniture and equipment | (44,312) | (5,795) |
| Purchase of endowment investments | (5,904) | (8,150) |
| Net Cash Used by Investing Activities | (50,216) | (13,945) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payments on capital lease obligation | (4,082) | (2,737) |
| Additions to capital lease obligation | 19,320 | - |
| Release of board designated endowments | 100,000 | - |
| Proceeds from Paycheck Protection Program note payable | 182,500 | - |
| Net Cash Provided (Used) by Financing Activities | 297,738 | (2,737) |
| Change in Cash and Cash Equivalents | 182,826 | (97,747) |
| Cash and Cash Equivalents, Beginning of Year | 191,498 | 289,245 |
| Cash and Cash Equivalents, End of Year | \$ 374,324 | \$ 191,498 |
| SUPPLEMENTAL INFORMATION: | | |
| Non-cash financing transaction to recognize loan forgiveness | \$ 132,315 | \$ - |
| Cash paid for interest | \$ 286 | \$ 899 |

See notes to financial statements

MOMS IN PRAYER

Notes to Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION:

Moms In Prayer (the Organization) was incorporated in 1990 in California as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Organization is subject to federal income tax on any unrelated business taxable income. In addition the Organization is not classified as a private foundation within the meaning of Section 509(a) of the IRC. The primary source of revenue for the Organization is contributions which are tax-deductible for income tax purposes.

The Organization seeks to be a positive influence on the education system by promoting the adoption of high moral standards and personal accountability. The Organization directly markets its vision through a network of state and area coordinators who periodically design and produce local retreats and rallies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of the significant accounting policies is described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

For statements of financial position and cash flow purposes, cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. These accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2020 and 2019, the Organization's cash balances exceeded federally insured limits by approximately \$362,000 and \$180,000, respectively. In addition, the Organization maintains its cash in bank deposit accounts that are insured by the National Credit Union Administration (NCUA) which insures an additional \$250,000 of deposits as of June 30, 2020 and 2019. The Organization does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

INVENTORY

Inventory represents books, pamphlets, video media, supplies, and other Bible resources. All inventory is stated at the lower of cost or net realizable value using the first-in, first-out method. Management evaluates the inventory for obsolete or slow moving inventory. There were neither for the years ended June 30, 2020 and 2019, respectively. See Note 4.

ENDOWMENT INVESTMENTS

Endowment investments consist of mutual funds and exchange traded funds (ETF). The investments are reported at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy.

MOMS IN PRAYER

Notes to Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FURNITURE AND EQUIPMENT

Furniture and equipment if purchased are stated at cost, less accumulated depreciation. Expenditures of \$500 or more for furniture and equipment are capitalized. Donated assets to be used in the Organization are capitalized at their fair market value on the date of the gift. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The ranges of useful lives are from 3-5 years for furniture and equipment.

DEFERRED REVENUE

Deferred revenue are deposits received in advance for retreats in the following fiscal year. Revenue from these deposits is recognized in the year when earned.

NET ASSETS

The financial statements report amounts by class of net assets:

Net assets without donor restriction are those currently available at the discretion of the board for use in the Organization's operations, those designated by the board for specific purposes, and those resources invested in furniture and equipment.

Net assets with donor restriction are those which are stipulated by donors for the development of an international program.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to the Organization. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. The Organization records contributions as net assets with donor restriction if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. The Organization's policy is to record net assets with donor restriction received and expended in the same accounting period as net assets without donor restriction.

MOMS IN PRAYER

Notes to Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued:

For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is purchased or expenses are incurred to construct the asset.

Retreat revenue and other income is recorded when earned. Book sale income is recorded net of cost of goods sold of approximately \$44,000 and \$53,000, during the years ended June 30, 2020 and 2019, respectively. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities based on square footage and hours spent, respectively. Other expenses are allocated based on time and effort. Currently, there are no joint costs which have been allocated among the program, general and administrative, and fundraising functions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ADVERTISING

Advertising expense for the years ended June 30, 2020 and 2019, was approximately \$4,000 and \$2,000, respectively. Advertising costs are spent to promote the programs of the Organization and are expensed as incurred.

PAYCHECK PROTECTION PROGRAM LOAN

The Organization was approved for a Paycheck Protection Program (PPP) loan of approximately \$183,000 through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan accrues interest at 1% per annum and matures two years from the date it was funded. This loan may be forgiven up to the full amount if requirements set by the Small Business Administration are met. During the year ending June 30, 2020, approximately \$132,000 of the loan has met the requirements for forgiveness and is included within grant revenue on the statement of activities.

MOMS IN PRAYER

Notes to Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization adopted the provisions of this new standard during the year ended June 30, 2020. The new standard clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or exchange transaction. Adoption of this standard had an immaterial effect on change in net assets and net assets in total.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects the Organization's financial assets as of the statement of financial position, reduced by amounts not available for general use because of board designation within one year of June 30, 2020:

| | June 30, | |
|---|-------------------|-------------------|
| | 2020 | 2019 |
| Financial assets: | | |
| Cash and cash equivalents | \$ 374,324 | \$ 191,498 |
| Accounts receivable | 1,194 | 3,647 |
| Endowment investments | 391,275 | 472,804 |
| Financial assets, at year end | <u>766,793</u> | <u>667,949</u> |
| Less those unavailable for general expenditure within one year due to board designation: | | |
| Board designated operating reserves | (78,000) | (78,000) |
| Endowment investments | (391,275) | (472,804) |
| | <u>(469,275)</u> | <u>(550,804)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 297,518</u> | <u>\$ 117,145</u> |

MOMS IN PRAYER

Notes to Financial Statements

June 30, 2020 and 2019

4. INVENTORY:

Inventory consists of:

| | June 30, | |
|---------------------------|------------------|------------------|
| | 2020 | 2019 |
| Study guides and manuals | \$ 9,159 | \$ 13,565 |
| Books | 34,405 | 27,769 |
| Consignment inventory | 21,042 | 18,342 |
| Miscellaneous merchandise | 12,319 | 3,021 |
| | <u>\$ 76,925</u> | <u>\$ 62,697</u> |

5. ENDOWMENT INVESTMENTS:

Endowment investments consist of:

| | June 30, | |
|-----------------------|-------------------|-------------------|
| | 2020 | 2019 |
| Mutual funds | \$ 309,681 | \$ 380,573 |
| Exchange traded funds | 81,594 | 92,231 |
| | <u>\$ 391,275</u> | <u>\$ 472,804</u> |

Investment income is reported in other income and consists of:

| | June 30, | |
|----------------------------------|------------------|------------------|
| | 2020 | 2019 |
| Interest and dividends | \$ 11,015 | \$ 13,334 |
| Net realized and unrealized gain | 1,552 | 24,078 |
| | <u>\$ 12,567</u> | <u>\$ 37,412</u> |

MOMS IN PRAYER

Notes to Financial Statements

June 30, 2020 and 2019

6. FURNITURE AND EQUIPMENT:

Furniture and equipment consists of:

| | June 30, | |
|--|-----------|-----------|
| | 2020 | 2019 |
| Office equipment | \$ 60,488 | \$ 58,111 |
| Software development | 83,714 | 71,786 |
| Less accumulated depreciation and amortization | (78,886) | (85,656) |
| Furniture and equipment, net | \$ 65,316 | \$ 44,241 |

7. CAPITAL LEASE OBLIGATIONS:

Capitalized lease obligations, current portion consists of:

| | June 30, | |
|--|-----------|---------|
| | 2020 | 2019 |
| Capital lease entered into in February 2020 for office equipment with monthly payments of \$322, maturing in January 2025. The fair market value of the office equipment was \$16,000 at the time of acquisition and is included in office equipment. Depreciation on the office equipment under lease was approximately \$1,000 for the year ended June 30, 2020. | \$ 18,261 | \$ - |
| Capital lease entered into in June 2015 for office equipment with monthly payments of \$303, maturing in June 2020. The implied interest rate is approximately 20%. Capital lease matured during the year ended June 30, 2020. | - | 3,023 |
| | 18,261 | 3,023 |
| Less current portion | (2,670) | (3,023) |
| Long-term portion of capitalized lease obligations is | \$ 15,591 | \$ - |

MOMS IN PRAYER

Notes to Financial Statements

June 30, 2020 and 2019

7. CAPITAL LEASE OBLIGATIONS, continued:

Non-cancelable capitalized leases payable will mature as follows:

| <u>Year Ending June 30,</u> | |
|-----------------------------|-------------------------|
| 2021 | \$ 2,670 |
| 2022 | 2,863 |
| 2023 | 3,070 |
| 2024 | 3,292 |
| 2025 | 3,530 |
| Thereafter | <u>2,836</u> |
| | <u><u>\$ 18,261</u></u> |

8. NET ASSETS:

Net assets consist of:

| | <u>June 30,</u> | |
|--|--------------------------|--------------------------|
| | <u>2020</u> | <u>2019</u> |
| Net assets without donor restrictions: | | |
| Undesignated | \$ 273,531 | \$ 146,793 |
| Board designated operating reserves | 78,000 | 78,000 |
| Board designated endowment | <u>96,298</u> | <u>192,894</u> |
| | <u><u>\$ 447,829</u></u> | <u><u>\$ 417,687</u></u> |
| Net assets with donor restrictions are available for: | | |
| International programs, purpose or time restricted | \$ 46,889 | \$ 43,693 |
| Undistributed endowment earnings, purpose or time restricted | 25,825 | 16,663 |
| Donor restricted endowment, restricted in perpetuity | <u>269,151</u> | <u>263,247</u> |
| | <u><u>\$ 341,865</u></u> | <u><u>\$ 323,603</u></u> |

MOMS IN PRAYER

Notes to Financial Statements

June 30, 2020 and 2019

9. LEASE COMMITMENTS:

The Organization leases office space, mail machines, and a water filtration system under operating leases through May 2025. The total operating lease expense was approximately \$60,000 and \$65,000, for the years ended June 30, 2020 and 2019, respectively. Future minimum payments are:

| <u>Year Ending June 30,</u> | |
|-----------------------------|-------------------|
| 2021 | \$ 52,262 |
| 2022 | 52,078 |
| 2023 | 52,347 |
| 2024 | 52,298 |
| 2025 | <u>48,818</u> |
| | <u>\$ 257,803</u> |

10. ENDOWMENT FUNDS:

The Organization's endowment consists of a fund established for the expansion and enlargement of the ministry of the Organization. Its endowment includes both donor-restricted endowment funds and funds designated by the board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund
2. The purposes of the institution and the endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the institution
7. The investment policy of the institution

MOMS IN PRAYER

Notes to Financial Statements

June 30, 2020 and 2019

10. ENDOWMENT FUNDS, continued:

The endowment net asset composition by type of fund consists of:

| | Without Donor Restriction | With Donor Restrictions: | | Total |
|---|---------------------------------|--------------------------|-------------------------------|------------|
| | | Original Gift Amount | Accumulated Gains (Losses) | |
| June 30, 2020: | | | | |
| Donor restricted endowment funds | \$ - | \$ 269,151 | \$ 25,825 | \$ 294,976 |
| Board designated endowment funds | 96,298 | - | - | 96,298 |
| | \$ 96,298 | \$ 269,151 | \$ 25,825 | \$ 391,274 |
| June 30, 2019: | | | | |
| Donor restricted endowment funds | \$ - | \$ 263,247 | \$ 16,663 | \$ 279,910 |
| Board designated endowment funds | 192,894 | - | - | 192,894 |
| | \$ 192,894 | \$ 263,247 | \$ 16,663 | \$ 472,804 |
| Changes in endowment net assets were: | | | | |
| | Without Donor Restriction | With Donor Restrictions: | | Total |
| | | Original Gift Amount | Accumulated Gains (Losses) | |
| Year ended June 30, 2020: | | | | |
| Endowment net assets, beginning of year | \$ 192,894 | \$ 263,247 | \$ 16,663 | \$ 472,804 |
| Contributions | - | 5,904 | - | 5,904 |
| Investment income | 3,404 | - | 9,162 | 12,566 |
| Board-designated deletion | (100,000) | - | - | (100,000) |
| Endowment net assets, end of year | \$ 96,298 | \$ 269,151 | \$ 25,825 | \$ 391,274 |

MOMS IN PRAYER

Notes to Financial Statements

June 30, 2020 and 2019

10. ENDOWMENT FUNDS, continued:

Changes in endowment net assets were, continued:

| | Without Donor Restriction | With Donor Restrictions: | | Total |
|---|---------------------------------|--------------------------|-------------------------------|-------------------|
| | | Original Gift Amount | Accumulated Gains (Losses) | |
| Year ended June 30, 2019: | | | | |
| Endowment net assets, beginning of year | \$ 177,557 | \$ 255,100 | \$ (5,415) | \$ 427,242 |
| Contributions | - | 8,147 | - | 8,147 |
| Investment income | 15,337 | - | 22,078 | 37,415 |
| Endowment net assets, end of year | <u>\$ 192,894</u> | <u>\$ 263,247</u> | <u>\$ 16,663</u> | <u>\$ 472,804</u> |

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies that required reporting contained in net assets without donor restrictions and net assets with donor restrictions as of June 30, 2020 and 2019.

RETURN OBJECTIVES AND RISK PARAMETERS

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while maintaining the original fair market value of the original gift. The view on the overall goal of the endowment assets is primarily to preserve and enhance the real purchasing power of these assets, over time, which matches the view the donors intended that the value of their gifts be carefully preserved and enhanced over the long term, to keep up with inflation.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a balanced emphasis on equity-based investments (60%) and fixed income investments (40%). A variance of 5% from the stated asset allocation will be tolerated as market fluctuations occur.

MOMS IN PRAYER

Notes to Financial Statements

June 30, 2020 and 2019

10. ENDOWMENT FUNDS, continued:

SPENDING POLICIES AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The board of directors will, near the end of each fiscal year, recommend an amount, if any, to be appropriated from the endowment for general operating needs in the forthcoming year. Amounts in excess of the corpus or 3% of its endowment fund's net value as of July 1st of the current fiscal year require a 75% vote from the board of directors. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 6% annually.

11. EMPLOYEE BENEFIT PLAN:

The Organization maintains a 401(k) qualified retirement plan (the Plan) for its employees. The Plan is available to employees who are at least twenty-one years of age and who have completed two months of service. Employees who meet these requirements are able to contribute a percentage of their annual base salary to the Plan. The Organization will match up to 25% of an employee's deferral election, with a ceiling of 4% of an employee's annual base salary. For the years ending June 30, 2020 and 2019, the total matching contributions by the Organization amounted to approximately \$4,000 each year.

12. COMMITMENTS:

During the year ended June 30, 2017, the board passed a resolution noting its commitment to continue paying the founder of the Organization an annual salary of approximately \$80,000 for past services and ongoing support as long as the founder has need and the Organization is financially able. The amount could be changed or stopped at any time with board approval. No deferred compensation agreement has been made with the founder. The Organization paid the founder approximately \$81,000 during both years ending June 30, 2020 and 2019.

13. RISKS AND UNCERTAINTIES

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's revenue, absenteeism in the workforce, and a decline in value of assets held by the Organization including inventories, property and equipment, and marketable securities. The financial impact, if any, cannot be estimated at this time.

14. SUBSEQUENT EVENTS:

Subsequent events were evaluated through November 13, 2020, which is the date the financial statements were available to be issued.