Moms in Prayer International
Financial Statements

June 30, 2021 and 2020

SWENSON
ADVISORS
CERTIFIED PUBLIC ACCOUNTANTS

SWENSON ADVISORS, LLP
600 B Street, Suite 1540
San Diego, CA 92101
p. 619.237.3400
f. 619.237.3401

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Moms in Prayer International

Opinion

We have audited the accompanying financial statements of Moms in Prayer International (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, 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 Moms in Prayer International as of June 30, 2021, and the changes in their net assets and 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 audits 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 Moms in Prayer International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Moms in Prayer International as of June 30, 2020 were audited by other auditors whose report dated November 13, 2020 expressed an unmodified opinion on those statements.

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 Moms in Prayer International'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 auditors' 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 Moms in Prayer International'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 Moms in Prayer International'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.

Swenson Advisors, LLP

SWENSON ADVISORS, LLP
San Diego, CA
October 19, 2021

Moms in Prayer International
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ 638,281	$ 374,324
Accounts receivable	6,427	1,194
Inventory	62,577	76,925
Prepaid expenses and other assets	3,848	4,818
Total current assets	711,133	457,261
Endowment investments	608,224	391,275
Furniture and equipment, net	59,375	65,316
Total assets	$ 1,378,732	$ 913,852
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 3,621	$ 4,049
Accrued liabilities	57,722	41,139
Deferred revenue	19,515	10,524
Current portion of capital lease obligations	2,863	2,670
Total current liabilities	83,721	58,382
Paycheck Protection Program loan (Note 5)	-	50,185
Capital lease obligations, net of current portion	12,728	15,591
Total liabilities	96,449	124,158
Net assets		
Net assets without donor restrictions	856,390	447,829
Net assets with donor restrictions	425,893	341,865
Total net assets	1,282,283	789,694
Total liabilities and net assets	$ 1,378,732	$ 913,852

See accompanying notes to the financial statements

Moms in Prayer International
Statements of Activities
For the Years Ended June 30, 2021 and 2020

	2021	2020
Changes in net assets without donor restrictions		
Revenues and support		
Contributions	$ **1,209,778**	$ 1,154,634
Retreat revenue	**4,319**	74,568
Paycheck Protection Program loan proceeds (Note 5)	**215,358**	132,315
Book sale income, net	**19,141**	50,729
Other income	**37,317**	8,108
Total revenues without donor restrictions	**1,485,913**	1,420,354
Net assets released from restrictions	**24,587**	145,657
Total revenues and support without donor restrictions	**1,510,500**	1,566,011
Expenses		
Program services	**919,513**	1,188,436
Support services		
General and administrative	**137,743**	175,713
Fundraising	**44,683**	39,405
Total expenses	**1,101,939**	1,403,554
Increase in net assets without donor restrictions	**408,561**	162,457
Changes in net assets with donor restrictions		
Contributions	**19,779**	22,442
Investment income	**88,836**	9,162
Net assets released from restrictions	**(24,587)**	(145,657)
Increase (decrease) in net assets with donor restrictions	**84,028**	(114,053)
Increase in net assets	**492,589**	48,404
Net assets at beginning of period	**789,694**	741,290
Net assets at end of period	$ **1,282,283**	$ 789,694

See accompanying notes to the financial statements

Moms in Prayer International
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 492,589	$ 48,404
Adjustments to reconcile the change in net assets to net cash used in operating activities:		
Depreciation and amortization	17,949	22,533
Realized and unrealized gain on endowment investments	(106,372)	(1,552)
Reinvested dividends on endowment investments	(10,523)	(11,015)
Board designated transfer from operations to endowment investments	(100,000)	-
Gain on stock donations	(116)	-
Gain on disposal of furniture and equipment	-	704
Forgiveness of Paycheck Protection Program loans	(215,358)	(132,315)
Decrease (increase) in assets:		
Accounts receivable	(5,233)	2,453
Inventory	14,348	(14,228)
Prepaid expenses and other assets	1,087	26,419
Increase (decrease) in liabilities:		
Accounts payable	(428)	322
Accrued liabilities	16,583	7,626
Deferred revenue	8,991	(14,047)
Net cash provided by (used in) operating activities	113,517	(64,696)
Cash flows from investing activities:		
Purchase of property and equipment	(12,008)	(44,312)
Purchase of endowment investments	(55)	(5,904)
Net cash used in investing activities	(12,063)	(50,216)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	165,173	182,500
Release of board designated endowments	-	100,000
Additions to capital lease obligation	-	19,320
Principal payments on capital lease obligation	(2,670)	(4,082)
Net cash provided by financing activities	162,503	297,738
Net increase in cash	263,957	182,826
Cash and cash equivalents - beginning of year	374,324	191,498
Cash and cash equivalents - end of year	$ 638,281	$ 374,324
Supplemental disclosures of cash flow information:		
Non-cash financing transaction to recognize loan forgiveness	$ 215,358	$ 132,315
Cash paid for interest	$ 1,194	$ 286
In-kind contributions:		
Stock	$ 19,951	$ 9,914

See accompanying notes to the financial statements

NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Moms in Prayer International (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.

SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below:

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. 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, 2021 and 2020. The Organization does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported in the following two classes:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations, including those resources currently available for use in the Organization's operations and those designated by the board for specific future uses.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations which have not yet been met, including those that have been restricted in perpetuity, such that they are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates

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

Accounts Receivable

Management believes that all accounts receivables are fully collectible, and therefore no allowance for doubtful accounts was recorded as of June 30, 2021 and 2020. Bad debts for the years ended June 30, 2021 and 2020 were $157 and $355, respectively.

NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

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. Obsolete inventory written off for the years ended June 30, 2021 and 2020 was $2,437 and $0, respectively. There was no slow-moving inventory for the years ended June 30, 2021 or 2020. See Note 3.

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. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire buildings and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Assets under construction are not depreciated until placed into service. Furniture and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

	Years
Office equipment	3-5
Software development	3-5

Maintenance, repairs, and minor renewals are charged to operations as incurred. Upon sale or disposition of furniture and equipment, the asset and the related accumulated depreciation taken prior to the sale are removed from the Organization's records and any gain or loss is credited or charged to revenue and support.

Fair Value of Financial Instruments

Financial instruments include cash and cash equivalents, accounts receivable, endowment investments, other assets, accounts payable, and accrued liabilities. The carrying amounts of cash and cash equivalents, accounts receivable, other assets, accounts payable, and accrued liabilities approximate fair market value because of the short maturity of those instruments. The endowment investments and other assets are measured at fair value on a recurring basis.

Topic 820 in the FASB's Accounting Standards Codification, *Fair Value Measurements and Disclosures*, establishes a three-tier valuation hierarchy for classification of fair value measurements as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, at the measurement date.

Level 3 – Inputs are unobservable for the asset or liability and usually reflect the reporting entity's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The Organization's statements of financial position include investments in mutual funds that are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Revenue Recognition

When monies or other assets are received, the Organization classifies the transaction as either a contribution (i.e. a nonreciprocal transaction) or an exchange (i.e. a reciprocal transaction).

Contributed Revenue – In accordance with ASU 2016-14, *Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (“ASU 2016-14”), when a transaction is determined to be a contribution, the Organization then determines whether it is conditional or unconditional. According to ASU 2018-08, *Not for Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”), conditional contributions contain i) donor-imposed barrier(s) that must be overcome before the Organization is entitled to the assets transferred or promised and ii) a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. When the condition(s) are substantially met, the contribution becomes unconditional. Unconditional contributions are those that are absent of any indication that the Organization is only entitled to the transfer of assets or a future transfer of assets if it has overcome a barrier, or that the agreement does not contain a right of return of assets transferred or a right of release from obligation. Unconditional contributions are classified as either net assets with donor restrictions or net assets without donor restrictions and are recorded in accordance with the guidelines outlined in Subtopic 958-605, *Not-for- Profit Entities – Revenue Recognition*. Unconditional contributions are recognized when the donor makes a promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. Expenses are recorded when incurred in accordance with the accrual basis of accounting. Contributions received with restrictions that are met in the same reporting period as received are reported as unrestricted support and increase net assets without donor restrictions.

Donated property and equipment are recorded at fair market value at the date of gift. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

The nature and extent of donated and contributed services received by the Organization range from the limited participation of many individuals in fundraising activities to active participation in the Organization’s management and service programs during 2021 and 2020. The valuation of contributed time is not reflected in these statements since they do not require specialized skills.

Exchange Transactions – The Organization accounts for exchange transactions in accordance with ASU No. 2014-09 (ASC Topic 606), *Revenue from Contracts with Customers* (“Topic 606”).

Retreat revenue is recognized when the event is presented. Registration fees for admission into events are the identified contracts between the Organization and its retreat participants, which specify the transaction price for admission. The Organization’s performance obligation for these registrations is to provide participants with access to the retreats. Retreat revenue is recognized at the point in time that the event takes place. Registrations that have been purchased as of June 30 for which retreats have not yet taken place are recorded as deferred revenues in the statements of financial position. Retreat revenue amounted to $4,319 and $74,568 for the years ended June 30, 2021 and 2020, respectively. Deferred revenue for retreats was $19,515 and $10,524 as of June 30, 2021 and 2020, respectively.

The Organization sells books, pamphlets, video media, supplies, and other Bible resources. The Organization recognizes book sales income, net of cost of sales, at the time it sells merchandise to the customer, based on the price stated on each item for sale. Cost of sales was approximately $18,712 and $44,160 for the years ended June 30, 2021 and 2020, respectively. Gross revenue generated from sales amounted to $37,852 and $94,889 for the years ended June 30, 2021 and 2020, respectively.

NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Revenue Recognition, Continued

The Organization maintains endowment investments that consist of mutual funds and exchange traded funds. The Organization recognizes investment returns based on the fair value of the funds in accordance with Accounting Standards Update ("ASU") 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. Investment returns are classified as either with or without donor restrictions based on the existence or absence of donor-imposed restrictions (Notes 2 and 8).

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of internal records and estimates made by the Organization's management. 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. See appendix A for the statements of functional expenses for the years ended June 30, 2021 and 2020.

Advertising

Advertising expense for the years ended June 30, 2021 and 2020 was approximately $700 and $4,100, respectively. Advertising costs are spent to promote the programs of the Organization and are expensed as incurred.

Income Tax Status

Moms in Prayer International is a nonprofit organization and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization is not a private foundation.

The Organization uses a loss contingencies approach for evaluating uncertain tax positions and continually evaluates changes in tax law and new authoritative rulings. No loss contingencies were recognized for the years ended June 30, 2021 and 2020.

The Organization's federal exempt organization returns for tax years 2017 and beyond remain subject to examination by the Internal Revenue Service. The Organization's exempt organization returns of the tax years 2016 and beyond remain subject to examination by the Franchise Tax Board.

The Organization did not have unrecognized tax benefits as of June 30, 2021 and 2020 and does not expect this to change significantly over the next 12 months. The Organization recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of June 30, 2021 and 2020, the Organization has not accrued interest or penalties related to uncertain tax positions.

Recent Authoritative Guidance, Not yet adopted

In September 2020, the FASB issued ASU 2020-07, *Not for Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires organizations to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets, and disclose the disaggregation of the various types of contributed nonfinancial assets by category. Each disaggregated category requires further qualitative disclosures, including whether the assets were monetized or utilized by certain programs, the organization's policy for monetizing versus utilizing assets, any donor-imposed restrictions associated with the assets, descriptions of the valuation techniques for fair value measures, and the principal market used to arrive at fair value. ASU 2020-07 must be applied on a retrospective basis, will take effect in fiscal years beginning after June 15, 2021, and early adoption is permitted. The Organization is evaluating ASU 2020-07 and its effect on the presentation of its financial statements.

NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Recent Authoritative Guidance, Not yet adopted, Continued

In February 2016, the FASB issued new lease accounting guidance in ASU No. 2016-02, *Leases* ("Topic 842"). This new guidance was initiated as a joint project with the IASB to simplify lease accounting and improve the quality of and comparability of financial information for users. This new guidance would eliminate the concept of off-balance sheet treatment for "operating leases" for lessees for the vast majority of lease contracts. Under Topic 842, at inception, a lessee must classify all leases with a term of over one year as either finance or operating, with both classifications resulting in the recognition of a defined "right-of-use" asset and a lease liability on the balance sheet. However, recognition in the income statement will differ depending on the lease classification, with finance leases recognizing the amortization of the right-of-use asset separate from the interest on the lease liability and operating leases recognizing a single total lease expense. Lessor accounting under ASU No. 2016-02 would be substantially unchanged from the previous lease requirements under U.S. GAAP. On April 8, 2020, in response to the coronavirus pandemic, the FASB voted to defer the effective date for Topic 842 for private companies and private nonprofit companies to fiscal years beginning after December 15, 2021. Early adoption is permitted and for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, lessees and lessors must apply a modified retrospective transition approach. The Organization is evaluating ASU No. 2016-02 and its effect on the presentation of its financial statements.

NOTE 2 – ENDOWMENT INVESTMENTS

Endowment investments are stated at fair value and consist of the following as of June 30:

	2021	2020
Mutual funds	**$ 470,389**	$ 309,681
Exchange traded funds	**137,835**	81,594
	$ 608,224	$ 391,275

The following schedule summarizes the investment return, which is classified as other income without donor restrictions and as investment income with donor restrictions in the statements of activities for the years ended June 30, 2021 and 2020 (Note 8).

	2021	2020
Interest and dividends	**$ 10,523**	$ 11,015
Net realized and unrealized gains	**106,372**	1,552
	$ 116,895	$ 12,567

NOTE 3 – INVENTORY

Inventory consists of the following as of June 30:

	2021	2020
Study guides and manuals	**$ 6,058**	$ 9,159
Books	**34,585**	34,405
Consigned-out inventory	**10,929**	21,042
Miscellaneous merchandise	**11,005**	12,319
	$ 62,577	$ 76,925

NOTE 4 – FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following at June 30:

	2021	2020
Office equipment	$ 52,097	$ 60,488
Software development	83,714	83,714
	135,811	144,202
Less: accumulated depreciation and amortization	(76,436)	(78,886)
	$ 59,375	$ 65,316

Depreciation and amortization expense for furniture and equipment was $17,949 and $22,533 for the years ended June 30, 2021 and 2020, respectively.

NOTE 5 – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization applied for a loan through the Paycheck Protection Program ("PPP") to assist in potential liquidity issues related to the coronavirus outbreak (Note 11). On April 28, 2020, the Organization received $182,500 from the PPP, which was created by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act to provide certain small businesses with liquidity to support their operations during the COVID-19 pandemic. These SBA-approved loans have a 1% fixed interest rate, have payment deferral periods for 6 months after commencement, and are due in two years from commencement, but are eligible for forgiveness, either in full or in part, under certain conditions. The Organization entered into a PPP loan agreement with Bank of Southern California, National Association and utilized $50,185 and $132,315 within the required parameters for forgiveness for the years ended June 30, 2021 and 2020, respectively. Since the Organization utilized the funds in accordance with the forgiveness requirements, and since the loan was ultimately forgiven on November 2, 2020, the amounts utilized during the years ended June 30, 2021 and 2020 were recorded as Paycheck Protection Program loan proceeds on the statements of activities for each respective year.

The Organization applied for a second loan through the PPP to assist in potential liquidity issues. On March 13, 2021, the Organization received $165,173 of PPP funds. These SBA-approved loans have a 1% fixed interest rate, have deferred payments until loan forgiveness or for 10 months if the loan is not forgiven, and are eligible for forgiveness under certain conditions. Since the loan was forgiven in full on June 29, 2021, the Organization recorded the loan as Paycheck Protection Program loan proceeds on the statements of activities for the year ended June 30, 2021.

NOTE 6 – LEASE AGREEMENTS

Facility and Equipment Leases

The Organization leases office space, mailing machines, and a water filtration system under operating leases through May 2025. The total operating lease expense was approximately $53,000 and $60,000, for the years ended June 30, 2021 and 2020, respectively. Future minimum payments are:

Years ending June 30,	Equipment leases	Facility leases	Total minimum lease payments
2022	$ 1,810	$ 50,268	$ 52,078
2023	1,074	51,273	52,347
2024	-	52,298	52,298
2025	-	48,818	48,818
	$ 2,884	$ 202,657	$ 205,541

NOTE 6 – LEASE AGREEMENTS, (CONTINUED)

Capital leases
Equipment under capital lease consists of office equipment with a total capitalized cost of $19,320 as of June 30, 2021 and 2020 and monthly payments of $322. The asset and liability under capital leases are recorded at the lower of present value of the minimum lease payment or the fair value of the asset. The asset is amortized over its estimated productive life. Amortization of assets under capital leases was $2,670 and $1,059 for the years ended June 30, 2021 and 2020, respectively, and is included in depreciation and amortization expense. Interest on the capital lease was $1,194 and $551 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease payments are as follows:

Years ending June 30,		
2022	$	3,864
2023		3,864
2024		3,864
2025		6,590
Total minimum lease payments		18,182
Less: amounts representing interest (at nominal rate of 7%)		(2,591)
Present value of minimum lease payments		15,591
Less: current portion		(2,863)
	$	12,728

NOTE 7 – NET ASSETS

Net assets consist of the following as of June 30:

	2021	2020
Without donor restriction:		
Undesignated	$ **554,033**	$ 273,530
Board designated operating reserves	**78,000**	78,000
Board designated endowment	**224,357**	96,299
	856,390	447,829
With donor restriction:		
International programs	**42,026**	46,889
Undistributed endowment earnings	**114,661**	25,825
Donor restricted endowment	**269,206**	269,151
	425,893	341,865
Total net assets	$ **1,282,283**	$ 789,694

NOTE 8 – 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. 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.

NOTE 8 – ENDOWMENT FUNDS, (CONTINUED)

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 fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

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

	Without Donor Restriction	With Donor Restrictions: Original Gift Amount	With Donor Restrictions: Accumulated Gains	Total
June 30, 2020:				
Donor restricted endowment funds	$ -	$ 269,151	$ 25,825	$ 294,976
Board designated endowment funds	96,299	-	-	96,299
	$ 96,299	$ 269,151	$ 25,825	$ 391,275
June 30, 2021:				
Donor restricted endowment funds	$ -	$ 269,206	$ 114,661	$ 383,867
Board designated endowment funds	224,357	-	-	224,357
	$ 224,357	$ 269,206	$ 114,661	$ 608,224

Changes in endowment net assets were:

	Without Donor Restriction	With Donor Restrictions: Original Gift Amount	With Donor Restrictions: Accumulated Gains	Total
Year ended June 30, 2020:				
Endowment net assets, beginning of year	$ 192,895	$ 263,247	$ 16,663	$ 472,805
Contributions	-	5,904	-	5,904
Investment income	3,404	-	9,162	12,566
Board-designated deletion	(100,000)	-	-	(100,000)
	$ 96,299	$ 269,151	$ 25,825	$ 391,275
June 30, 2021:				
Endowment net assets, beginning of year	$ 96,299	$ 269,151	$ 25,825	$ 391,275
Contributions	-	55	-	55
Investment income	28,058	-	88,836	116,894
Board-designated transfer	100,000	-	-	100,000
	$ 224,357	$ 269,206	$ 114,661	$ 608,224

NOTE 8 – ENDOWMENT FUNDS, (CONTINUED)

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, 2021 and 2020.

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.

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.

NOTE 9 – EMPLOYMENT 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 can 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, 2021 and 2020, the total matching contributions by the Organization amounted to approximately $4,000 each year.

NOTE 10 – 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 “Founder’s Fund”). 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 the years ended June 30, 2021 and 2020.

In June 2021, the board passed a resolution superseding the aforementioned Founder’s Fund resolution. The new resolution authorized a three-year commitment to subsidize the Founder’s Fund to guarantee a decreasing income of $60,000, $50,000, and $40,000 for the fiscal years ending June 30, 2022, 2023, and 2024, respectively, paid out as retirement distributions. At the end of the third fiscal year, the Founder’s Fund will be the sole source of gifts for the founder, and the solicitation for the continuation of the Founder’s Fund will be a board responsibility. Payments of the three-year commitment began in July 2021.

NOTE 11 – EFFECTS OF THE CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) occurred in Asia and has since spread worldwide. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, the U.S. declared a state of emergency. COVID-19 has caused a severely negative impact on the world economy, and has contributed to significant declines and volatility in financial markets.

The Organization had to cancel or make virtual its various retreats during the year ended June 30, 2021. These cancellations led to a decrease in both retreat revenue and sales income, but also led to a decrease in expenses. Leadership training and outreach events transitioned to an online platform, which caused a significant decrease in travel expenses. The Organization was able to expand the services it provides to online platforms as well, such as podcasts, livestreams, and video releases. Staff reduced the hours they worked, especially in the events planning department. Since much work was performed remotely, the Organization reduced its office space from 5 to 4 suites.

NOTE 12 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization’s financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets include assets that are considered unavailable when illiquid or not convertible to cash within one year and receivables not available for general expenditure.

	2021	2020
Financial assets:		
Cash and cash equivalents	**$ 638,281**	$ 374,324
Accounts receivable	**6,427**	1,194
Endowment investments	**608,224**	391,275
Financial assets, at year-end	**1,252,932**	766,793
Less those unavailable for general expenditure within one year due to board designation:		
Board designated operating reserves	**(78,000)**	(78,000)
Endowment investments	**(608,224)**	(391,275)
Financial assets available to meet cash needs for general expenditures within one year	**$ 566,708**	$ 297,518

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 13 – SUBSEQUENT EVENTS (UNAUDITED)

<u>Continued adverse effects of health epidemics including the recent coronavirus outbreak</u>
While the online element of the Organization’s ministry has continued to grow, Moms in Prayer International has also been able to have in-person outreach events during the year ending June 30, 2022. As such, sales and expenses have returned to more normal levels. Staff members have returned to normal working hours, but since many are still able to work remotely, the reduced office space is sufficient for continued operations.

NOTE 13 – SUBSEQUENT EVENTS (UNAUDITED), (CONTINUED)

Due to its cash position as of October 19, 2021, and due to its ability to obtain additional funding and reduce costs if needed, the Organization does not believe the pandemic will have a significant long-term effect on its financial condition. The Organization expects its donors to continue providing generous support, and does not expect significant decreases in its cash position through October 2022. The Organization cannot anticipate all the ways in which health epidemics such as COVID-19 could adversely impact its operating results. Although the Organization is continuing to monitor and assess the effects of the COVID-19 pandemic on its programs and operations, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 19, 2021, the date the financial statements were available to be issued, and determined that no additional subsequent events have occurred that would require recognition or disclosure in the financial statements or disclosure in the notes thereto.

Appendix A

Moms in Prayer International
Statements of Functional Expenses
For the Years Ended June 30, 2021 and 2020

	2021				2020			
		Supporting Services:				Supporting Services:		
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries, wages, and benefits	$ 721,293	$ 74,617	$ 33,163	$ **829,073**	$ 761,051	$ 97,344	$ 26,548	$ **884,943**
Services and professional fees	72,552	35,989	1,447	**109,988**	145,417	44,071	1,960	**191,448**
Office and occupancy	88,943	25,222	10,073	**124,238**	103,405	32,016	9,837	**145,258**
Travel	19,497	-	-	**19,497**	158,026	-	1,060	**159,086**
Depreciation and amortization	16,154	1,795	-	**17,949**	20,280	2,253	-	**22,533**
Interest	1,074	120	-	**1,194**	257	29	-	**286**
Total program and supporting services expenses	**$ 919,513**	**$ 137,743**	**$ 44,683**	**$ 1,101,939**	**$ 1,188,436**	**$ 175,713**	**$ 39,405**	**$ 1,403,554**