

MEHR Reformed Ministries
Plano, Texas

Financial Statements Together With
Independent Accountant's Compilation Report

December 31, 2020 and 2019



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEHR Reformed Ministries
Financial Statements
December 31, 2020 and 2019

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RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Compilation Report

To the Board of Directors
MEHR Reformed Ministries
Plano, Texas

Management is responsible for the accompanying financial statements of MEHR Reformed Ministries (a not-for-profit organization), which comprise the statements of financial position as of December 31, 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 in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Ratliff + Associates, P.C.

September 10, 2021

MEHR Reformed MinistriesStatements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 13,161	\$ 17,172
Accounts receivable	8,185	3,472
Total current assets	<u>21,346</u>	<u>20,644</u>
Noncurrent assets		
Furniture and equipment	<u>26,716</u>	<u>8,596</u>
Total Assets	<u>\$ 48,062</u>	<u>\$ 29,240</u>
Liabilities & Net Assets		
Current liabilities		
Accounts payable	<u>\$ 3,500</u>	<u>\$ 6,686</u>
Net assets		
Without donor restrictions	44,562	22,554
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>44,562</u>	<u>22,554</u>
Total Liabilities & Net Assets	<u>\$ 48,062</u>	<u>\$ 29,240</u>

See accompanying notes and independent accountant's compilation report.

MEHR Reformed Ministries
 Statements of Activities
 For the Years Ending December 31, 2020 and 2019

	2020	2019
Changes in net assets without donor restrictions		
Revenues		
Revenues without donor restrictions		
Contributions, gifts, and grants	\$ 103,896	\$ 93,158
Service performed income	48,214	3,472
	152,110	96,630
Total revenues		
Expenses		
Programs		
Grants	1,070	24,050
Other	97,951	38,199
	99,021	62,249
Total program expenses		
Support services		
General and administrative	30,450	9,664
Fundraising	631	2,163
	31,081	11,827
Total support services expenses		
Total expenses	130,102	74,076
Change in total net assets	22,008	22,554
Net assets at beginning of year	22,554	-
Net assets at end of year	\$ 44,562	\$ 22,554

See accompanying notes and independent accountant's compilation report.

MEHR Reformed Ministries

Statements of Functional Expenses

For the Year Ended December 31, 2020

	Programs		Support services		Total expenses
	Grants	Other	General and administrative	Fundraising	
Advertising	\$ -	\$ -	\$ -	-	\$ -
Bank charges	-	-	-	-	-
Conferences and Meetings	-	700	-	-	700
Contributions to others	1,070	-	-	-	1,070
Fees for Services	-	48,644	4,729	-	53,373
Insurance	-	-	858	-	858
Information Technology	-	33,320	5,818.00	-	39,138
Medical	-	-	-	-	-
Office	-	11,692	11,692	-	23,384
Other	-	3,595	2,509	631	6,735
Repairs and Maintenance	-	-	4,022.00	-	4,022
Travel and meals	-	-	822	-	822
Total expenses	<u>\$ 1,070</u>	<u>\$ 97,951</u>	<u>\$ 30,450</u>	<u>\$ 631</u>	<u>\$ 130,102</u>

For the Year Ended December 31, 2019

	Programs		Support services		Total expenses
	Grants	Other	General and administrative	Fundraising	
Advertising	\$ -	\$ -	\$ 180	-	\$ 180
Bank charges	-	-	-	639	639
Conferences and Meetings	-	735	-	-	735
Contributions to others	24,050	-	-	-	24,050
Fees for Services	-	13,789	-	-	13,789
Insurance	-	-	503	-	503
Information Technology	-	15,805	5,118	-	20,923
Medical	-	-	122	-	122
Office	-	3,317	-	-	3,317
Other	-	4,553	700	871	6,124
Repairs and Maintenance	-	-	121	-	121
Travel and meals	-	-	2,920	653	3,573
Total expenses	<u>\$ 24,050</u>	<u>\$ 38,199</u>	<u>\$ 9,664</u>	<u>\$ 2,163</u>	<u>\$ 74,076</u>

See accompanying notes and independent accountant's compilation report.

MEHR Reformed Ministries
 Statements of Cash Flows
 For the Years Ending December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Cash received from donors and other	\$ 147,397	\$ 93,158
Cash paid for programs and support services	(136,788)	(67,390)
Net cash provided (used) by operating activities	10,609	25,768
Cash flows from investing activities		
Purchases of property and equipment	(18,120)	(8,596)
Net cash provided (used) by investing activities	(18,120)	(8,596)
Cash flows from financing activities		
Cash from PPP loan	3,500	-
Net cash provided (used) by financing activities	3,500	-
Net increase (decrease) in cash and cash equivalents	(4,011)	17,172
Cash and cash equivalents at beginning of year	17,172	-
Cash and cash equivalents at end of year	\$ 13,161	\$ 17,172
 Reconciliation of change in total net assets to net cash provided (used) by operating activities		
Change in total net assets	\$ 22,008	\$ 22,554
Adjustments		
Change in accounts receivable	(4,713)	(3,472)
Change in accounts payable	(6,686)	6,686
Total adjustments	(11,399)	3,214
Net cash provided (used) by operating activities	\$ 10,609	\$ 25,768

See accompanying notes and independent accountant's compilation report.

MEHR Reformed Ministries
Note Disclosures to the Financial Statements
December 31, 2020 and 2019

Note 1, Nature of the Organization

MEHR Reformed Ministries (“MEHR”) was formed in the Texas in 2018 and exists primarily to provide biblical and theological training to the next generation of Farsi-speaking Christian disciples in Iran and the Middle East. Characteristic of a strong reformed tradition, MEHR is committed to restoring access and understanding of the Word of God to a resource-deprived language group.

MEHR is a nonprofit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code (IRC) and comparable state law(s). However, MEHR is subject to federal income tax on any unrelated business taxable income. In addition MEHR is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

Note 2, Summary of Significant Accounting Policies

The following is a summary of the MEHR significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The financial statements of MEHR have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. Revenues are recognized when earned, and expenses are recorded when incurred.

Revenue recognition: Revenues of MEHR are primarily derived from contributions from MEHR’s members and supporters. A portion of MEHR revenues is tied to the local economy. All contributions are considered available for MEHR’s general programs unless specifically restricted by the donor.

Amounts received that are donor restricted by time or purpose are reported as increases in net asset with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. However, contributions received with restrictions that are met in the same reporting period are reported as increases in net assets without restrictions.

Programs: MEHR pursues its mission through the execution of the following major programs that are also the reported functional expenses of MEHR:

- MEHR grants and other program activities: Foreign grants and other activities for the purpose of Bible software development, Reformed publishing, distance learning, and media.
- General and administrative: Providing administrative support to the above programs.
- Fundraising: Encouraging additional contributions for programs.

MEHR Reformed Ministries
Note Disclosures to the Financial Statements
December 31, 2020 and 2019

Note 2, Summary of Significant Accounting Policies (continued)

Net assets without donor restrictions: MEHR further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to MEHR's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow MEHR to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

As of December 31, 2020 and 2019, MEHR has no internal designated net assets.

Net assets with donor restriction: When applicable, MEHR further identifies net assets with donor restriction as follows:

- Temporarily restricted: MEHR reports gifts of cash and other assets as with temporary donor restriction if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt.

As of December 31, 2020 and 2019, MEHR has no net assets with donor restrictions.

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.

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statement of activities and on both a functional and a natural bases in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories, benefited.

Cash and cash equivalents: For purposes of the statement of cash flows, MEHR considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income tax status: MEHR is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities.

For the years ended December 31, 2020 and 2019, MEHR has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. MEHR believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax returns are open to examination by the relevant taxing authorities for a period of three year from the date the returns are filed.

MEHR Reformed Ministries
Note Disclosures to the Financial Statements
December 31, 2020 and 2019

Note 3, Liquidity and Availability of Financial Assets

MEHR's financial assets available for general expenditure within one year of the financial statement date total \$21,346 and \$20,644 at December 31, 2020 and 2019, respectively. This is calculated as follows: cash and cash equivalents, plus accounts receivable, less donor-restricted funds (none).

As part of MEHR's liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- MEHR strives to maintain adequate reserves to cover upcoming expenses.
- MEHR is highly dependent on recurring contributions from its donors.
- If liquidity becomes a concern, MEHR may elect to decrease its program budget in order to eliminate excess spending.

Note 4, PPP Grant Revenue

In 2020, MEHR received a Paycheck Protection Program loan for \$3,500. This two-year term loan with an interest rate of 1% is administered by the U.S. Small Business Administration. MEHR anticipates returning these funds in accordance with terms of the loan which will result in annualized payment of principal and interest of approximately \$1,770 for each of the years ending December 31, 2021 and 2022.

Note 5, Subsequent Events

MEHR has evaluated subsequent events through the date of the Independent Accountant's Compilation Report on page one, which is the date the financial statements were available to be issued.

In 2020 and 2021, the coronavirus pandemic has significantly impacted the global economy. MEHR continues to analyze the effects on operations and upcoming ministry events. As of the date of this report, the financial impact is unknown. However, if conditions remain unchanged, MEHR may reschedule certain activities and adjust the operational budget. See also the Liquidity disclosure.