

MEHR Reformed Ministries
Plano, Texas

Financial Statements Together With
Independent Accountant's Compilation Report

December 31, 2022 and 2021



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEHR Reformed Ministries
Financial Statements
December 31, 2022 and 2021

Table of Contents

	<u>Page</u>
Independent Accountant's Compilation Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Note Disclosures to the Financial Statements	6 - 9



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, 2022 and 2021, 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.

October 23, 2023

MEHR Reformed Ministries

Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 14,962	\$ 3,377
Total current assets	<u>14,962</u>	<u>3,377</u>
Noncurrent assets		
Property and equipment		
Furniture and equipment	36,337	38,538
Leasehold improvements	12,216	12,216
Less: accumulated depreciation	<u>(17,757)</u>	<u>(10,916)</u>
Total noncurrent assets	<u>30,796</u>	<u>39,838</u>
Total Assets	<u><u>\$ 45,758</u></u>	<u><u>\$ 43,215</u></u>
Liabilities & Net Assets		
Current liabilities		
Accounts payable	\$ 19,596	\$ -
PPP loan	<u>2,925</u>	<u>3,225</u>
Total liabilities	<u>22,521</u>	<u>3,225</u>
Net assets		
Without donor restrictions	23,237	39,990
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>23,237</u>	<u>39,990</u>
Total Liabilities & Net Assets	<u><u>\$ 45,758</u></u>	<u><u>\$ 43,215</u></u>

See accompanying notes and independent accountant's compilation report.

MEHR Reformed Ministries
 Statements of Activities
 For the Years Ending December 31, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions		
Revenues		
Revenues without donor restrictions		
Contributions, gifts, and grants	\$ 236,141	\$ 170,926
Gain on sale of asset	223	-
Service performed income	-	59,062
	236,364	229,988
Total revenues		
Expenses		
Programs		
Grants	63,358	51,746
Other	123,542	130,088
	186,900	181,834
Total program expenses		
Support services		
General and administrative	64,363	52,204
Fundraising	1,854	522
	66,217	52,726
Total support services expenses		
Total expenses	253,117	234,560
Change in total net assets	(16,753)	(4,572)
Net assets at beginning of year	39,990	44,562
Net assets at end of year	\$ 23,237	\$ 39,990

See accompanying notes and independent accountant's compilation report.

MEHR Reformed Ministries
Statements of Functional Expenses

For the Year Ended December 31, 2022

	Programs		Support services		Total expenses
	Grants	Other	General and administrative	Fundraising	
Advertising	\$ -	\$ -	\$ 1,477	\$ -	\$ 1,477
Conferences and Meetings	-	6,313	-	-	6,313
Contributions to others	63,358	-	-	-	63,358
Depreciation	-	-	8,158	-	8,158
Fees for Services	-	35,571	14,724	-	50,295
Insurance	-	-	1,208	-	1,208
Information Technology	-	35,660	16,414	-	52,074
Office	-	-	16,322	-	16,322
Other	-	12,924	4,635	1,854	19,413
Repairs and Maintenance	-	-	371	-	371
Travel and meals	-	33,074	1,054	-	34,128
Total expenses	\$ 63,358	\$ 123,542	\$ 64,363	\$ 1,854	\$ 253,117

For the Year Ended December 31, 2021

	Programs		Support services		Total expenses
	Grants	Other	General and administrative	Fundraising	
Advertising	\$ -	\$ -	\$ 2,514	\$ -	\$ 2,514
Conferences and Meetings	-	8,507	-	-	8,507
Contributions to others	51,746	-	-	-	51,746
Depreciation	-	-	10,916	-	10,916
Fees for Services	-	63,486	1,663	-	65,149
Insurance	-	-	1,301	-	1,301
Information Technology	-	24,062	17,859	-	41,921
Office	-	17,100	-	-	17,100
Other	-	16,933	14,649	522	32,104
Repairs and Maintenance	-	-	390	-	390
Travel and meals	-	-	2,912	-	2,912
Total expenses	\$ 51,746	\$ 130,088	\$ 52,204	\$ 522	\$ 234,560

See accompanying notes and independent accountant's compilation report.

MEHR Reformed Ministries
 Statements of Cash Flows
 For the Years Ending December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Cash received from donors and other	\$ 236,141	\$ 238,173
Cash paid for programs and support services	<u>(225,663)</u>	<u>(223,919)</u>
Net cash provided (used) by operating activities	<u>10,478</u>	<u>14,254</u>
Cash flows from investing activities		
Proceeds on sale of property and equipment	1,540	-
Purchases of property and equipment	<u>(433)</u>	<u>(24,038)</u>
Net cash provided (used) by investing activities	<u>1,107</u>	<u>(24,038)</u>
Net increase (decrease) in cash and cash equivalents	11,585	(9,784)
Cash and cash equivalents at beginning of year	<u>3,377</u>	<u>13,161</u>
Cash and cash equivalents at end of year	<u><u>\$ 14,962</u></u>	<u><u>\$ 3,377</u></u>
 Reconciliation of change in total net assets to net cash provided (used) by operating activities		
Change in total net assets	<u>\$ (16,753)</u>	<u>\$ (4,572)</u>
Adjustments		
Change in accounts receivable	-	8,185
Change in accounts payable	19,296	(275)
Gain on sale of asset	(223)	-
Depreciation	<u>8,158</u>	<u>10,916</u>
Total adjustments	<u>27,231</u>	<u>18,826</u>
Net cash provided (used) by operating activities	<u><u>\$ 10,478</u></u>	<u><u>\$ 14,254</u></u>

See accompanying notes and independent accountant's compilation report.

MEHR Reformed Ministries
Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 1, Nature of the Organization

MEHR Reformed Ministries (“MEHR”) was formed in 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’s primary source of revenue is free-will donations from supporters of MEHR. MEHR is a nonprofit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

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.

“Service performed income” is generated by translating and editing documents and media from English to Farsi for international ministry use.

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.

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.

MEHR Reformed Ministries
 Note Disclosures to the Financial Statements
 December 31, 2022 and 2021

Note 2, Summary of Significant Accounting Policies (continued)

- 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, 2022 and 2021, 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, 2022 and 2021, 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. The most significant estimate included in these financial statements is depreciation. Depreciation is computed using management's estimate of the useful lives of the asset.

Property and equipment: Property and equipment are recorded at acquisition cost. MEHR capitalizes assets with a cost greater than \$1,000 and a useful life of five years or greater. Betterments and renewals are capitalized. Maintenance and repairs are charged to operations when incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	15 - 40 years
Furniture and equipment	5 years

Impairment of long-lived assets: Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

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.

MEHR Reformed Ministries
Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 2, Summary of Significant Accounting Policies (continued)

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, 2022 and 2021, 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 years from the date the returns are filed.

Going concern considerations: MEHR analyzes the effect that current and future events, both internal and external, may have on operations so that it may continue as a going concern (i.e., a viable organization). As of the date of this report, management has not identified a significant matter that, in its judgement, could materially threaten the ongoing operations of MEHR for at least one year from the date of the report on page one. However, if conditions change during the following year, MEHR may reschedule or reformat certain events and activities or adjust the general operational budget, as needed. See also the Liquidity disclosure for additional cash management strategies.

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 \$14,962 and \$3,377 at December 31, 2022 and 2021, 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 recognizes that their cash reserves are minimal, therefore ministry activities are 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, Lease Commitments

MEHR leases office space in Plano, Texas. Rent expense was approximately \$14,293 and \$15,533 for the years ended December 31, 2022 and 2021, respectively. Approximate future minimum lease payments due as of December 31, 2023 is \$14,293.

MEHR Reformed Ministries
 Note Disclosures to the Financial Statements
 December 31, 2022 and 2021

Note 5, PPP Loan

In 2020, MEHR received a Paycheck Protection Program (“PPP”) loan for \$3,500. This loan with an interest rate of 1% is administered by the U.S. Small Business Administration. MEHR anticipates returning these funds in accordance with the terms of the loan. Principal-only payments of \$300 were made in year 2022. The balance of the loan at December 31, 2022 is \$2,925. The following table summarizes the future minimum principal payments due as of December 31:

2023	\$ 300
2024	300
2025	300
2026	300
2027	300
Thereafter	<u>1,425</u>
Total	<u>\$ 2,925</u>

Note 6, Property and Equipment

Property and equipment at December 31 consist of the following:

	<u>2022</u>	<u>2021</u>
Furniture and Equipment	\$ 36,337	\$ 38,538
Leasehold Improvements	12,216	12,216
Less: accumulated depreciation	<u>(17,757)</u>	<u>(10,916)</u>
Total	<u>\$ 30,796</u>	<u>\$ 39,838</u>

Leasehold improvements were for remodeling to the studio that was completed May 2022.

Note 7, 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.