

WHAT MATTERS MINISTRIES AND

MISSIONS, INC.

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the year ended

December 31, 2021

WHAT MATTERS MINISTRIES AND
MISSIONS, INC.

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of cash flows	6
Notes to financial statements	7-10

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
What Matters Ministries and Missions, Inc.
Colorado Springs, Colorado

Report on the Financial Statements

I have audited the accompanying financial statements of What Matters Ministries and Missions, Inc. ("the Organization") which comprise of the statement of financial position as of December 31, 2021 and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 Organization'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 Organization's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters – Uncertainty and Subsequent Event

In December 2019, a novel strain of coronavirus (“COVID-19”) surfaced. The spread of COVID-19 around the world during 2020 has caused significant volatility in the U.S. and international markets. During 2020, the Organization’s operations have been adversely affected by COVID-19. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. As such, the Organization is unable to determine the extent of the ultimate impact to its operations.

Upland, Ca
December 20, 2022

WHAT MATTERS MINISTRIES AND MISSIONS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash	\$	492,764
Accounts Receivable		<u>-</u>

Total current assets	\$	492,764
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PROPERTY AND EQUIPMENT - NET		<u>71,511</u>
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Total assets	\$	<u><u>564,275</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$	15,195
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Total current liabilities	\$	<u>15,195</u>
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NET ASSETS - UNRESTRICTED		<u>549,080</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>564,275</u></u>
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The accompanying notes are an integral part of the financial statements.

WHAT MATTERS MINISTRIES, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contribution Income	\$ 1,320,910	\$ -	\$ 1,320,910
Orphan Partner Income	1,613,187	-	1,613,187
Honorarium Income	316,388	-	316,388
Sales Revenue	54,893	-	54,893
Gain on extinguishment of Paycheck Protection Program loan	125,905		125,905
Net assets released from restrictions			
Expiration of time restrictions	-	-	-
	<u>3,431,283</u>	<u>-</u>	<u>3,431,283</u>
EXPENSES			
Program Services	2,724,049	-	2,724,049
General and Administrative	361,424	-	361,424
Fundraising Activities	119,719	-	119,719
	<u>3,205,192</u>	<u>-</u>	<u>3,205,192</u>
CHANGE IN NET ASSETS	226,091	-	226,091
NET ASSETS AS OF BEGINNING OF YEAR	<u>322,989</u>		<u>322,989</u>
NET ASSETS AS OF END OF YEAR	<u>\$ 549,080</u>	<u>\$ -</u>	<u>\$ 549,080</u>

The accompanying notes are an integral part of the financial statements.

WHAT MATTERS MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Activities</u>	<u>Total</u>
Bank and merchant fees	\$ -	\$ 109,568	\$ -	\$ 109,568
Contract labor	9,381	-	-	9,381
Depreciation expense	-	12,785	-	12,785
Dues and subscriptions	10,498	5,249	1,749	17,496
Gifts	23,714	-	-	23,714
Insurance	-	15,259	-	15,259
Legal and professional fees	13,641	-	-	13,641
Meals and Entertainment	-	30,636	-	30,636
Travel	117,815	-	29,454	147,269
Ministry programs	2,006,550	-	-	2,006,550
Miscellaneous	139	617	-	756
Office expenses	6,671	-	-	6,671
Postage and shipping	-	4,089	6,133	10,222
Printing	-	5,864	5,863	11,727
Rent	-	2,317	-	2,317
Sabbaticals	-	3,000	-	3,000
Salaries	515,410	147,260	73,630	736,300
Payroll taxes	17,296	4,942	2,471	24,709
Payroll service fees	2,934	838	419	4,191
Supplies	-	3,664	-	3,664
Telephone and internet	-	10,259	-	10,259
Utilities	-	5,077	-	5,077
Total Operating Expenses	<u>\$ 2,724,049</u>	<u>\$ 361,424</u>	<u>\$ 119,719</u>	<u>\$ 3,205,192</u>

The accompanying notes are an integral part of the financial statements.

WHAT MATTERS MINISTRIES, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in total net assets \$ 226,091

Adjustments to reconcile change in total net
assets to net cash used by operating activities:

Depreciation 12,785
Gain on extinguishment of Paycheck Protection Program loan (125,905)
Changes in assets and liabilities:
Decrease in accrued expenses (9,857)

Total adjustments (122,977)

Net cash provided by operating activities 103,114

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment (56,355)

Net cash used by investing activities (56,355)

CASH FLOWS FROM FINANCING ACTIVITIES

Borrowings on Paycheck Protection Program loan 125,905

Net cash provided by financing activities 125,905

NET INCREASE IN CASH 172,664

CASH AT BEGINNING OF YEAR 320,100

CASH AT END OF YEAR \$ 492,764

Supplemental disclosure of cash flow information:

Cash paid during year for interest \$ -

The accompanying notes are an integral part of the financial statements.

**WHAT MATTERS MINISTRIES AND
MISSIONS, INC.**
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

What Matters Ministries and Missions, Inc. (a non-profit organization) was incorporated on June 2, 1997 in the State of Colorado. The Organization has the following objectives:

- Rescue and educate orphans in third world countries.
- Build orphanages in third world countries.
- Build widow homes.
- Build Medical clinics and do medical missions for indigenous people groups.
- Create feeding programs for the poor.
- Build the local church through ministry.
- Conduct crusades and outreaches.
- Minister the Gospel of Jesus Christ around the World.

2. Basis of Accounting

The Organization recognizes income on the accrual method of accounting in accordance with accounting principles generally accepted in the United State of America.

3. Basis of Presentation

The financial statements are presented in accordance with FASB Accounting Standard Codification (FASB ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Organization had no temporarily or permanently restricted net assets as December 31, 2021.

4. Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated for financial statement purposes using the straight-line method based on the property's estimated life. Additions and improvements that add materially to productive capacity or extend life of an asset are capitalized. Normal repairs and maintenance are charged against income. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor restricted the donated asset to a specific purpose. The estimated lives used in determining depreciation are 5-7 years for furniture and office equipment.

**WHAT MATTERS MINISTRIES AND
MISSIONS, INC.**
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

5. Income Taxes

The Organization is a not-for-profit organization that is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the organization has been classified as an organization that is not a private foundation under Section 590 (a)(1). Income that is not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. The Organization did not have any unrelated business income for the year ended December 31, 2021.

6. Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all unrestricted highly liquid investments, with an initial maturity of three months or less, to be considered cash.

7. Contributed Services

Periodically unpaid volunteers may make contributions of their time to the management of the Organization. The value of this donated time is not recognizable and is not reflected in their financial statements.

8. Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

9. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

10. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United State of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**WHAT MATTERS MINISTRIES AND
MISSIONS, INC.**
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(concluded)

11. Uncertain Tax Provisions

Accounting for uncertain income tax positions, relating to both federal and state income taxes, are required when a more than likely than not threshold is attained. If such positions result in uncertainties, then the unrecognized tax liability is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. With the adoption of these new rules, the Organization assessed its tax positions in accordance with the guidance. The Organization has determined that its tax status as a Colorado non-profit corporation is its only tax position and is highly certain. Therefore, these new rules had no impact on the Organization's financial statements.

12. Subsequent Events

Management has evaluated subsequent events through December 20, 2022, the date which the financial statements were available to be issued.

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at the end of the year represent contributions that have been received and designated as temporarily restricted by the donor. As these fund are expended, the temporary restrictions expire and the temporarily restricted net assets are reclassified to unrestricted net assets on the statement of activities. There were no temporarily restricted net assets as of December 31, 2021.

NOTE C - CONCENTRATION OF CREDIT RISK-CASH

The Organization has several cash accounts at a local bank. These accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses and believes it is not exposed to any significant credit risk on cash.

NOTE D - CORONAVIRUS

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was passed by Congress. During 2021, the Company received a 2nd draw loan of \$125,905 from the U.S. Small Business Administration as part of the Paycheck Protection Program ("PPP") under the CARES Act.

Pursuant to the terms of the PPP Loan, all or a portion thereof, may be forgiven if proceeds are used for qualifying expenses as described in the CARES Act, such as payroll costs, costs used to continue group health care benefits, mortgage interest payments, rent and utilities. The Company has used all proceeds for

WHAT MATTERS MINISTRIES AND
MISSIONS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE D -CORONAVIRUS (concluded)

Qualifying expenses. In July, 2022 the Company received a confirmation that the full amount of the 2nd PPP Loan had been approved for forgiveness. Accordingly, a gain on extinguishment of PPP Loan has been recognized in the accompanying statement of income and retained earnings.

