

THE MISSION OF YAHWEH, INC.  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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To the Board of Directors  
The Mission of Yahweh, Inc.

### Independent Auditor's Report

We have audited the accompanying financial statements of The Mission of Yahweh, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, 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 misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Mission of Yahweh, Inc. as of December 31, 2017, 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.

*Christman § 6.*

Houston, Texas  
June 12, 2018

THE MISSION OF YAHWEH, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 462,641
Gift cards	4,304
Prepays and other assets	<u>24,073</u>
TOTAL CURRENT ASSETS	<u>491,018</u>
PROPERTY AND EQUIPMENT	
Land	251,006
Buildings, equipment and other	3,588,772
Accumulated depreciation	<u>(1,831,446)</u>
NET PROPERTY AND EQUIPMENT	<u>2,008,332</u>
OTHER ASSETS	
Deposits	<u>1,000</u>
TOTAL OTHER ASSETS	<u>1,000</u>
TOTAL ASSETS	<u>\$ 2,500,350</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 59,576
TOTAL CURRENT LIABILITIES	<u>59,576</u>
OTHER LIABILITIES	
Note payable	<u>20,000</u>
TOTAL OTHER LIABILITIES	<u>20,000</u>
TOTAL LIABILITIES	<u>79,576</u>
NET ASSETS	
Unrestricted	2,308,015
Temporarily restricted	<u>112,759</u>
TOTAL NET ASSETS	<u>2,420,774</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,500,350</u>

THE MISSION OF YAHWEH, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUES</b>			
<u>Public Support</u>			
Contributions	\$ 961,766	\$ 314,309	\$ 1,276,075
Donated materials	445,392	-	445,392
Less: Community outreach contributions	(51,492)	-	(51,492)
Subtotal	1,355,666	314,309	1,669,975
<u>Special Events Fund Raisers</u>			
Revenues	431,274	-	431,274
Less: Direct Benefit Costs	(171,301)	-	(171,301)
Subtotal	259,973	-	259,973
Total Public Support	1,615,639	314,309	1,929,948
<u>Revenues</u>			
Interest and dividends	433	-	433
Gain (loss) on sale of assets	22,500	-	22,500
Thrift shop	78,663	-	78,663
Investment income (loss)	41	-	41
Miscellaneous (net of expenses)	6,626	-	6,626
Total Revenues	108,263	-	108,263
Net Assets Released From Restrictions by Satisfaction of Program Restrictions	333,308	(333,308)	-
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>\$ 2,057,210</b>	<b>\$ (18,999)</b>	<b>\$ 2,038,211</b>
<b>EXPENSES</b>			
<u>Program Services</u>			
Residential operations	\$ 1,453,231	\$ -	\$ 1,453,231
Learning center operations	163,576	-	163,576
<u>Supporting Services</u>			
Management and general	124,435	-	124,435
Fund-raising	214,295	-	214,295
<b>TOTAL EXPENSES</b>	<b>1,955,537</b>	<b>-</b>	<b>1,955,537</b>
<b>CHANGES IN NET ASSETS</b>	<b>101,673</b>	<b>(18,999)</b>	<b>82,674</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,206,342</b>	<b>131,758</b>	<b>2,338,100</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,308,015</b>	<b>\$ 112,759</b>	<b>\$ 2,420,774</b>

THE MISSION OF YAHWEH, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Residential Operations</u>	<u>Learning Center Operations</u>	<u>Management and General</u>	<u>Fund-raising</u>	
Salaries and benefits	\$ 468,706	\$ 132,631	\$ 104,152	\$ 137,144	\$ 842,633
Contract labor	12,429	-	-	13,493	25,922
Food and supplies	151,273	-	-	-	151,273
Gift aid to residents	336,896	9,806	-	-	346,702
Insurance	62,172	7,614	1,129	889	71,804
Office expenses	27,211	2,737	5,455	43,680	79,083
Utilities	82,929	7,646	1,199	2,362	94,136
Repairs	81,233	2,099	178	248	83,758
Depreciation	211,248	-	-	-	211,248
Automobile expense	10,784	-	-	40	10,824
Professional services	8,350	1,043	12,322	16,439	38,154
<b>TOTAL EXPENSES</b>	<b><u>\$ 1,453,231</u></b>	<b><u>\$ 163,576</u></b>	<b><u>\$ 124,435</u></b>	<b><u>\$ 214,295</u></b>	<b><u>\$ 1,955,537</u></b>

THE MISSION OF YAHWEH, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 82,674
ADJUSTMENTS TO RECONCILE CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Depreciation	211,248
Loss (gain) on disposition of assets	(22,500)
(Increase) decrease in assets:	
Prepays and other assets	(4,677)
Other receivables	(1,457)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	<u>46,538</u>
TOTAL ADJUSTMENTS	<u>229,152</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>311,826</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of assets	22,500
Redemption (purchases) of certificate of deposit	101,120
Purchase of property and equipment	<u>(37,903)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>85,717</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds (repayment) on line of credit	(80,000)
Proceeds (repayment) on note payable	<u>(12,000)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(92,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	305,543
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>157,098</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 462,641</u>
NONCASH OPERATING ACTIVITY	
IN-KIND CONTRIBUTIONS	<u>\$ 445,392</u>
INTEREST PAID	\$ 542
TAXES PAID	\$ -

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

THE MISSION OF YAHWEH, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The Mission of Yahweh, Inc. (the “Organization”) was organized as a nonprofit corporation under the laws of the State of Texas on March 14, 1971. The Organization was originally incorporated as Missions of Yahweh, Inc. and was operating under the name of Mission of Yahweh, Inc. from inception through July 2011. In August 2011, the Organization filed for and received an assumed name certificate to operate under the name The Mission of Yahweh, Inc. for a period of ten years. The Organization is located in Houston, Texas.

The purpose of the Organization is to provide temporary relief to poor, distressed and underprivileged women and children. The Organization has established facilities for its residents which provide housing, food, clothing, and education as well as nondenominational worship. The Organization also has an outreach program which serves the nearby community through distribution of donated goods and clothing not consumed by the Organization’s residents.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles established for voluntary health and welfare organizations.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code of 1986 “Code” and has been classified as an organization, which is not considered a private foundation within the definition of Section 509(a) of the Code. Accordingly, contributions to the Organization are eligible for tax deduction to the maximum extent allowed under the Code by the donor under Section 170 of the Code.

Financial Statement Presentation: In accordance with ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represent the expendable resources available for operations at management’s discretion, temporarily restricted net assets, which represent resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represent resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At December 31, 2017, the Organization did not have any permanently restricted net assets.

Public Support and Revenue Recognition: Public support is derived through voluntary contributions from individuals, corporations, private foundations and churches. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Donated Services and Assets: Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing those skills. At December 31, 2017, a substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization’s programs. No amount has been reflected in the accompanying financial statements for other donated services inasmuch as no objective basis is available to measure the value of such services. Donated assets and goods, if significant, are included in public support at fair value. Donated assets and goods of \$445,392 have been reflected at fair value in the financial statements for the year ended December 31, 2017.



THE MISSION OF YAHWEH, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

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. The more significant areas requiring the use of management estimates relate to useful lives for depreciation, valuation of donated materials, valuation of donated property and equipment and categorization of functional expenses. Accordingly, actual results could differ from those estimated.

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 activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

Investments: Gains and losses on investments are treated as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

Advertising Costs: Advertising costs are expensed in the period incurred.

Property and Equipment: Property and equipment purchased or constructed by the Organization is recorded at cost. Acquisitions of property and equipment of more than \$5,000 are capitalized. Donated property and equipment are recorded at estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from five years to thirty years. Expenditures for major renewals and betterments are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When equipment is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reflected in unrestricted income.

Fair Value Measurements: The Organization adopted ASC 820 "Fair Value Measurement and Disclosures" for financial assets and liabilities which is intended to increase consistency and comparability in fair value measurements by defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements. At December 31, 2017, the Organization's carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximated their fair market value.

Inventory: Inventory held by the Organization consists of donated materials used for the Organization's fund raising efforts. Donated inventory is recorded in the year received at fair market value as determined by the Organization's management. At December 31, 2017, the Organization had no inventory.

Subsequent Events: Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

THE MISSION OF YAHWEH, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Community Outreach : During the ordinary course of business, the Organization receives food, clothing, toiletries and other goods donated by various donors for the residents of the Mission. Donated goods in excess of the Mission of Yahweh needs and storage capacity are distributed to needy families in the neighborhood. At December 31, 2017, the Organization's management determined the value of donated goods consumed by the residents with the remaining amount recorded as a contribution to community outreach.

NOTE 2 - PROPERTY AND EQUIPMENT

At December 31, 2017, property and equipment consist of the following:

Land	\$ 251,006
Land Improvements	38,769
Buildings and Improvements	3,099,668
Furniture and Equipment	376,227
Automotive Equipment	<u>74,108</u>
	<u>\$3,839,778</u>

For the year ended December 31, 2017, depreciation expense is \$211,248.

NOTE 3 - MARKETABLE SECURITIES

The Organization accounts for marketable securities under ASC 320 which requires entities to account for marketable equity securities at fair value. The marketable securities fair value is measured based on level 1 where observable inputs reflect quoted prices in active markets. The Mission classifies its marketable securities as trading securities. Trading generally reflects active and frequent buying and selling, and trading securities are generally used with the objective of generating profits on short-term differences in price. At December 31, 2017, the Organization had no marketable securities.

NOTE 4 - RELATED PARTY TRANSACTIONS

Various members of the Board of Directors made contributions to the Organization during the year ended December 31, 2017 in the amount of \$44,763.

NOTE 5 - LINE OF CREDIT

The Organization had a line of credit agreement with a bank that provided for borrowings of up to \$100,000. The line of credit bears interest at 3.8417% with payments of interest due monthly beginning in July 2016. The line of credit was secured by a \$100,000 certificate of deposit. The line of credit expired in March 2017 and was not renewed by the Organization.

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

The Mission occasionally maintains deposits in excess of federally insured limits. In accordance with ASC 825, the Organization identifies this as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

THE MISSION OF YAHWEH, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017, temporarily restricted net assets consist of the following:

Women's Transportation Program	\$ 23,799
Children's Library	788
Seniors Program	35,000
Staff Salaries	9,000
Marketing	10,192
Workforce Integration Now	4,093
Other Restricted	1,129
House of Joy Children's Program	5,000
Children's Playground Improvements	625
Children's Toys and Clothing	5,000
Dental Program	18,133
	<u>\$ 112,759</u>

Net assets were released during the year from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restriction accomplished:

Dental Program	\$ 21,402
House of Joy Improvements	9,707
Resale Shop and House of Hope Improvements	13,000
Children's Computer Lab	3,178
Other Restricted	2,987
Seniors Program	54,167
Children's Library	8,942
House of Joy Children's Program	16,500
Purchase of Van	15,000
Marketing	14,808
Workforce Integration Now	12,807
Back-To-School	1,510
Hurricane Harvey Relief	27,075
Christmas on a Mission	53,600
Staff Salaries	18,000
Administrative Building Improvements	10,000
Women's Transportation Program	50,625
Total Restrictions Released	<u>\$ 333,308</u>

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Organization has a 401(k) plan in effect for the benefit of all eligible employees. Under this plan, matching contributions by the Organization are not permitted.

THE MISSION OF YAHWEH, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Through the Affordable Housing Program (AHP), the Organization executed a Deed of Trust in favor of Compass Bank a member of the Federal Home Loan Bank of Atlanta (FHLBA) for a fifteen-year period beginning in January 2016. FHLBA provided the Organization with \$500,000 which was utilized for the rehabilitation of 44 multifamily units. In accordance with the agreement, no principal or interest payments are required on the advance as long as the multifamily units remain available as a housing facility to eligible individuals for a fifteen year period. Management believes the property is being operated in compliance with this agreement; therefore, no liability has been recognized in these financial statements.

Amounts received from government and other grants require the fulfillment of certain conditions as set forth in the grant contracts. The Organization intends to fulfill the conditions of all grants, recognizing failure to fulfill the conditions could result in the return of the funds to the grantors. Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the Organization. In management’s opinion, disallowed claims, if any, would not have a material adverse effect on the Organization’s financial position or results of operations.

NOTE 10 – CONDITIONAL PROMISES TO GIVE

In accordance with ASC 958, the Organization recognizes revenues on conditional promises to give when the restriction upon which they were issued is met. Once the Organization satisfies the conditions of the promise all or part of the promise becomes unconditional and available for use. At December 31, 2017, there were no conditional promises to give.

NOTE 11 – NOTE PAYABLE

Note payable to a partnership with interest at .001%. Principal and accrued interest are due and payable on July 15, 2019. The note is secured by specific property owned by the Organization.

\$ 20,000

Less current maturities

-

Total

\$ 20,000

Maturities of the note payable is as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2018	\$ -
2019	20,000
Thereafter	-
	<u>\$ 20,000</u>