

THE MISSION OF YAHWEH, INC.  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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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, 2018, 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, 2018, 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.

*Christmann & Co*

Houston, Texas  
July 23, 2019

THE MISSION OF YAHWEH, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018

ASSETS

Cash and cash equivalents	\$ 513,250
Gift cards	3,467
Prepays and other assets	43,974
Land, building and equipment - net	1,839,363
Deposits	500
TOTAL ASSETS	<u>\$ 2,400,554</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 38,948
Note payable	8,000
TOTAL LIABILITIES	<u>46,948</u>
NET ASSETS	
Without donor restrictions	2,199,450
With donor restrictions	154,156
TOTAL NET ASSETS	<u>2,353,606</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,400,554</u>

THE MISSION OF YAHWEH, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUES</b>			
Contributions	\$ 767,328	\$ 339,597	\$ 1,106,925
Donated materials - net of community outreach contributons	386,872	-	386,872
Special Events - net	282,182	-	282,182
Interest and dividends	173	-	173
Gain (loss) on sale of assets	(156)	-	(156)
Thrift shop	65,866	-	65,866
Miscellaneous (net of expenses)	6,720	-	6,720
Net Assets Released From Restrictions	298,200	(298,200)	-
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>1,807,185</b>	<b>41,397</b>	<b>1,848,582</b>
<b>EXPENSES</b>			
Program Services			
Residential operations	\$ 1,466,270	\$ -	\$ 1,466,270
Learning center operations	106,691	-	106,691
Supporting Services			
Management and general	135,925	-	135,925
Fund-raising	206,864	-	206,864
<b>TOTAL EXPENSES</b>	<b>1,915,750</b>	<b>-</b>	<b>1,915,750</b>
<b>CHANGES IN NET ASSETS</b>	<b>(108,565)</b>	<b>41,397</b>	<b>(67,168)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,308,015</b>	<b>112,759</b>	<b>2,420,774</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,199,450</b>	<b>\$ 154,156</b>	<b>\$ 2,353,606</b>

THE MISSION OF YAHWEH, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<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	\$ 550,300	\$ 77,434	\$ 106,571	\$ 120,276	\$ 854,581
Contract labor	13,197	-	-	14,245	27,442
Food and supplies	121,225	-	-	-	121,225
Gift aid to residents	352,994	6,217	-	-	359,211
Insurance	65,515	8,270	1,720	1,480	76,985
Office expenses	25,926	3,330	5,575	46,566	81,397
Utilities	78,379	8,111	901	901	88,292
Repairs	64,949	2,332	35	111	67,427
Depreciation	184,681	-	-	-	184,681
Automobile expense	9,104	997	-	80	10,181
Professional services	-	-	21,123	23,205	44,328
<b>TOTAL EXPENSES</b>	<b><u>\$ 1,466,270</u></b>	<b><u>\$ 106,691</u></b>	<b><u>\$ 135,925</u></b>	<b><u>\$ 206,864</u></b>	<b><u>\$ 1,915,750</u></b>

THE MISSION OF YAHWEH, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ (67,168)
ADJUSTMENTS TO RECONCILE CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Depreciation	184,681
Loss (gain) on disposition of assets	156
(Increase) decrease in assets:	
Prepays and other assets	(19,401)
Other receivables	837
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	<u>(20,628)</u>
TOTAL ADJUSTMENTS	<u>145,645</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>78,477</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(15,868)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(15,868)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds (repayment) on note payable	<u>(12,000)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(12,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,609
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>462,641</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 513,250</u>
NONCASH OPERATING ACTIVITY	
IN-KIND CONTRIBUTIONS	<u>\$ 386,872</u>
INTEREST PAID	\$ 14
TAXES PAID	\$ -

THE MISSION OF YAHWEH, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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.

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, 2018, 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 \$386,872 have been reflected at fair value in the financial statements for the year ended December 31, 2018.

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.



THE MISSION OF YAHWEH, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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, 2018, 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, 2018, the Organization had no inventory.

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, 2018, 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.

Change in Accounting Principle: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-For-Profit Entities, on August 18, 2016. The new standard changes the manner in which net assets are classified and financial statements are prepared. The standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

THE MISSION OF YAHWEH, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Financial Statement Presentation: Information regarding the financial position and activities of the Organization is reported in two categories as follows:

Net Assets Without Donor Restrictions: represent expendable funds available for operations which are not otherwise limited by donor restrictions.

Net Assets With Donor Restrictions: consist of (i) contributed funds subject to donor or grantor imposed restrictions related to a specific purpose or requiring a specific passage of time before the funds can be spent, and (ii) contributed funds subject to irrevocable donor restrictions requiring the assets be maintained in perpetuity for the purpose of generating investment income to fund current operations.

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.

NOTE 2 - PROPERTY AND EQUIPMENT

At December 31, 2018, property and equipment consist of the following:

Land	\$ 251,006
Land Improvements	38,769
Buildings and Improvements	3,099,668
Furniture and Equipment	363,927
Automotive Equipment	<u>74,108</u>
	\$3,827,478
Less Accumulated Depreciation	<u>(1,988,115)</u>
	<u>\$1,839,363</u>

For the year ended December 31, 2018, depreciation expense is \$184,681.

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, 2018, 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, 2018 in the amount of \$75,549.

THE MISSION OF YAHWEH, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 5 - 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.

NOTE 6 – 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.

	\$ 8,000
Less current maturities	<u>8,000</u>
Total	<u><u>\$ -</u></u>

Maturities of the note payable is as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2019	\$ 8,000
Thereafter	<u>-</u>
	<u><u>\$ 8,000</u></u>

NOTE 7 - 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.

NOTE 8 – 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.

THE MISSION OF YAHWEH, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018, net assets with donor restrictions consist of the following:

Beds and Mattresses	\$ 20,000
Children’s Library	428
Seniors Program	35,000
Staff Salaries	18,000
Kingdom Expansion Program	9,972
Workforce Integration Now	39,656
Other Restricted	1,125
Children’s Program	17,808
Dental Program	7,578
Christmas on a Mission	4,589
	<u>\$ 154,156</u>

In 2018, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors as follows:

Purpose restriction accomplished:

Dental Program	\$ 25,555
House of Joy Improvements	10,000
Mercy House and Kitchen Improvements	6,840
Children’s Program	15,417
Other Restricted	3,540
Seniors Program	60,000
Children’s Library	360
House of Joy Children’s Program	5,000
Children’s Ministry and Adult Education	6,000
Marketing	10,192
Workforce Integration Now	3,437
Back-To-School	2,500
Hurricane Harvey Relief	25,500
Christmas on a Mission	22,711
Staff Salaries	18,000
Baptismal Tank	2,967
Women’s Transportation Program	50,469
Kingdom Expansion Program	21,528
Thanksgiving Outreach	3,184
Children’s Toys and Clothings	5,000
Total Restrictions Released	<u>\$ 298,200</u>

THE MISSION OF YAHWEH, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018, there were no conditional promises to give.

NOTE 11 –LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization manages its liquidity by investing cash in excess of daily requirements in short-term investments, typically money market or certificate of deposit accounts.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

Cash and cash equivalents	\$ 359,094
Gift cards	3,467
Prepaid and other assets	<u>43,974</u>
Total	<u>\$ 406,535</u>