

MISSION ONE, INC.

Financial Statements
September 30, 2023 and 2022
With Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

Board of Directors
Mission ONE, Inc.

Opinion

We have audited the accompanying financial statements of Mission ONE, Inc. (a Tennessee not for profit corporation), which comprise the statements of financial position as of September 30, 2023 and 2022, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mission ONE, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mission ONE, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mission ONE, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Members:

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mission ONE, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mission ONE, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

JDS Professional Group
Certified Public Accountants, Consultants and Advisors, LLC

April 4, 2024

MISSION ONE, INC.
Statements of Financial Position
September 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 213,354	\$ 326,193
Inventory	4,188	4,782
Right-of-use asset, net	22,767	-
Furniture and equipment, net	-	4,647
	<u> </u>	<u> </u>
Total Assets	<u>\$ 240,309</u>	<u>\$ 335,622</u>
LIABILITIES		
Accounts payable	\$ 7,637	\$ 9,350
Accrued salaries, taxes and benefits	-	4,085
Lease liability	22,948	-
Rent payable	-	9,586
	<u> </u>	<u> </u>
Total Liabilities	<u>30,585</u>	<u>23,021</u>
NET ASSETS		
Without donor restrictions	197,048	312,601
With donor restrictions	12,676	-
	<u>209,724</u>	<u>312,601</u>
Total Net Assets	<u>209,724</u>	<u>312,601</u>
Total Liabilities and Net Assets	<u>\$ 240,309</u>	<u>\$ 335,622</u>

The accompanying notes are an integral part of these statements.

MISSION ONE, INC.
Statements of Activities
For the Years Ended September 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions of cash and other financial assets	\$ 790,149	\$ 282,520	\$1,072,669	\$1,563,885	\$ 234,034	\$1,797,919
Rental income	10,800	-	10,800			
Product sales	3,150	-	3,150	4,715	-	4,715
Loss on furniture & equipment	(6,546)	-	(6,546)	1,948	-	1,948
Interest	3,642	-	3,642	403	-	403
Other	592	-	592	23,911	-	23,911
Net assets released from restrictions:						
Satisfaction of program restrictions	269,844	(269,844)	-	234,034	(234,034)	-
Total Revenues and Other Support	1,071,631	12,676	1,084,307	1,828,896	-	1,828,896
EXPENSES						
Program services						
Partner support and projects	840,725	-	840,725	1,186,932	-	1,186,932
Total Program Services	840,725	-	840,725	1,186,932	-	1,186,932
Supporting activities						
General and administrative	154,324	-	154,324	170,415	-	170,415
Fundraising	192,135	-	192,135	268,135	-	268,135
Total Supporting Activities	346,459	-	346,459	438,550	-	438,550
Total Expenses	1,187,184	-	1,187,184	1,625,482	-	1,625,482
CHANGES IN NET ASSETS	(115,553)	12,676	(102,877)	203,414	-	203,414
NET ASSETS, beginning of year	312,601	-	312,601	109,187	-	109,187
NET ASSETS, end of year	\$ 197,048	\$ 12,676	\$ 209,724	\$ 312,601	\$ -	\$ 312,601

The accompanying notes are an integral part of these statements.

MISSION ONE, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2023

	Program Services	Supporting Activities				
	Partner Support and Projects	General and Administrative	Fund Raising	Total Supporting Activities	Total	
Salaries and related benefits	\$ 343,549	\$ 95,453	\$ 127,355	\$ 222,808	\$ 566,357	
Partner support	94,983	-	-	-	94,983	
Partner special needs	3,709	-	-	-	3,709	
Partner projects	124,082	-	-	-	124,082	
Bank fees	1,546	-	14,014	14,014	15,560	
Cost of sales	1,604	-	-	-	1,604	
Education and conferences	4,106	-	-	-	4,106	
Equipment, repairs and maintenance	11,868	6,818	6,566	13,384	25,252	
Insurance	-	3,765	-	3,765	3,765	
Licensing, dues and subscriptions	-	1,937	-	1,937	1,937	
Communications	21,144	-	9,062	9,062	30,206	
Meals and entertainment	20,314	909	621	1,530	21,844	
Supplies	3,029	5,575	2,272	7,847	10,876	
Postage and shipping	406	301	501	802	1,208	
Printing	13,520	-	-	-	13,520	
Professional services	104,489	15,623	-	15,623	120,112	
Rent	39,980	22,968	22,117	45,085	85,065	
Telephone and internet	1,697	975	938	1,913	3,610	
Travel	50,699	-	8,689	8,689	59,388	
Total Expenses	<u>\$ 840,725</u>	<u>\$ 154,324</u>	<u>\$ 192,135</u>	<u>\$ 346,459</u>	<u>\$ 1,187,184</u>	

The accompanying notes are an integral part of these statements.

MISSION ONE, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2022

	Program Services	Supporting Activities				
	Partner Support and Projects	General and Administrative	Fund Raising	Total Supporting Activities	Total	
Salaries and related benefits	\$ 572,727	\$ 125,943	\$ 185,843	\$ 311,786	\$ 884,513	
Partner support	123,577	-	-	-	123,577	
Partner special needs	6,602	-	-	-	6,602	
Partner projects	190,782	-	-	-	190,782	
Bank fees	-	-	9,891	9,891	9,891	
Cost of sales	1,717	-	-	-	1,717	
Education and conferences	2,565	-	-	-	2,565	
Equipment, repairs and maintenance	7,110	750	750	1,500	8,610	
Insurance	-	5,140	-	5,140	5,140	
Licensing, dues and subscriptions	1,897	1,709	-	1,709	3,606	
Communications	52,542	10	5,839	5,849	58,391	
Meals and entertainment	-	5,703	-	5,703	5,703	
Supplies	11,770	2,354	1,569	3,923	15,693	
Postage and shipping	533	466	765	1,231	1,764	
Printing	66	9	6,373	6,382	6,448	
Professional services	78,367	18,908	35,194	54,102	132,469	
Rent	69,880	8,735	8,735	17,470	87,350	
Telephone and internet	2,880	360	360	720	3,600	
Travel	54,999	-	11,394	11,394	66,393	
Depreciation	1,472	328	1,422	1,750	3,222	
Miscellaneous	7,446	-	-	-	7,446	
Total Expenses	<u>\$ 1,186,932</u>	<u>\$ 170,415</u>	<u>\$ 268,135</u>	<u>\$ 438,550</u>	<u>\$ 1,625,482</u>	

The accompanying notes are an integral part of these statements.

MISSION ONE, INC.
Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (102,877)	\$ 203,414
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	-	3,222
Reduction in the carrying amount of right-of-use asset, net	88,792	-
Gain or loss on sale of equipment	4,647	(1,948)
Changes in assets and liabilities		
Increase (decrease) in assets:		
Inventory	594	390
Increase (decrease) in liabilities:		
Accounts payable	(1,713)	(5,877)
Accrued salaries and benefits	(4,085)	(8,952)
Lease liability	(88,611)	-
Rent payable	(9,586)	(3,120)
Net Cash (Used in) Provided by Operating Activities	<u>(112,839)</u>	<u>187,129</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Furniture and equipment purchases	<u>-</u>	<u>1,948</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>1,948</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(112,839)	189,077
CASH AND CASH EQUIVALENTS, beginning of year	<u>326,193</u>	<u>137,116</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 213,354</u></u>	<u><u>\$ 326,193</u></u>

The accompanying notes are an integral part of these statements.

MISSION ONE, INC.
Notes to Financial Statements
September 30, 2023 and 2022

NOTE 1 - Description of Organization

Description of Organization

Mission ONE, Inc. (the "Organization") was formed in 1991 under the laws of the State of Tennessee. The Organization partners with the Global Church in making communities more like the Kingdom of God. Its vision is: A world where every community is transformed for the glory of God and the honor of all peoples. The Organization equips and trains the Global Church to transform communities in hard places along with funding for special strategic projects. The Organization also helps churches in the United States engage in healthy, multi-faceted, cross-cultural partnerships with proven-effective ministries among unreached peoples.

The Organization sells training resources to help equip individuals and churches for missions in the 21st century.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization follows the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Presentation of Financial Statements for Not-for-Profit Entities*. Under this standard, the Organization is required to report information regarding financial position and activities according to the following net assets classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those that will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity.

Recently Adopted Accounting Standards

Effective October 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which required lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized a right-of-use asset and a lease liability of \$111,559, in its statement of financial position as of October 1, 2022. The adoption did not result in a significant effect on amounts reported on the statement of activities for the year ended September 30, 2023.

MISSION ONE, INC.
Notes to Financial Statements
September 30, 2023 and 2022

NOTE 2 - Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in checking accounts, savings accounts, and money market funds in a brokerage account. Deposits at financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC) and these deposits may exceed the insurance amounts provided by the FDIC. The risk is managed by maintaining all deposits in high-quality financial institutions and moving the excess monies to a money market fund. The money market funds are protected by the Securities Investor Protection Corporation. At September 30, 2023, there were no accounts exceeding the FDIC insured limit of up to \$250,000 per institution.

Inventory

Inventory consists of video curriculum materials, books and other resources and is stated at the lower of cost or net realizable value determined by the first-in, first-out method.

Property and Equipment

Furniture and equipment are stated at cost, or fair value if contributed. Maintenance and repair costs are expensed as incurred and significant acquisitions and improvements with a cost greater than \$5,000 and useful life of more than one year are capitalized.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	2 - 5 years
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Leases

The Organization determines if an arrangement is or contains a lease at inception. The Organization does not report right-of-use assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from the operating and non-operating activities. Operating activities consists of those items attributable to the Organization's ongoing program services and investment earnings. Non-operating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

MISSION ONE, INC.
Notes to Financial Statements
September 30, 2023 and 2022

NOTE 2 - Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, an unconditional promise to give or a notification of beneficial interest is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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 restrictions.

The Organization recognizes product sales and event revenue during the year when the sale or event takes place. Amounts paid in advance for events are deferred to the year when the event takes place.

Certain donated services, goods, and facilities that meet the criteria for recognition, are reflected in the financial statements at their estimated fair market value at the time of the donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no donated services for the year ended September 30, 2023, or 2022, respectively.

Donated services, goods and facilities which meet the criteria for recognition are recorded in the accompanying financial statements at fair market value as of the date of donation.

A significant number of unpaid volunteers have made contributions of their time to the Organization's programs; however, these services do not fully meet the recognition criteria for inclusion in these financial statements.

Methods Used for Allocation of Expenses From Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related benefits, equipment repairs and maintenance, communications, meals and entertainment, supplies, postage and shipping, rent, telephone, and internet which are allocated on the basis of estimates of time or effort.

NOTE 3 - Income Taxes

The Organization had previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. As such, donors are entitled to a charitable deduction for their contribution to the Organization. Accordingly, the accompanying

MISSION ONE, INC.
Notes to Financial Statements
September 30, 2023 and 2022

NOTE 3 - Income Taxes (continued)

financial statements contain no provision for income taxes.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

The Organization's informational tax returns are subject to review and examination by federal and state authorities. Tax returns for the year ended September 30, 2021 to 2023 are open to examination by federal authorities and the years ended September 30, 2020 to 2023 are open to examination by state authorities.

NOTE 4 - Property and Equipment

The Organization changed its capitalization policy effective October 1, 2022 and will no longer capitalize computers that cost less than \$5,000. For the year ended September 30, 2023, the furniture that was gifted and obsolete or fully depreciated equipment was disposed of.

Property and equipment consisted of the following at September 30, 2023, and 2022:

	<u>2023</u>	<u>2022</u>
Furniture	\$ -	\$ 2,945
Equipment	<u>-</u>	<u>35,371</u>
	-	38,316
Accumulated depreciation	<u>(-)</u>	<u>(33,669)</u>
	<u>\$ -</u>	<u>\$ 4,647</u>

Depreciation expense was \$0 and \$3,222 for the years ended September 30, 2023 and 2022, respectively.

NOTE 5 - Leases

The Organization evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents the Organization's right to use the underlying asset for the lease term, and the lease liability represents the Organization's obligation to make lease payments arising from the lease. The ROU asset and lease liability, all of which arise from an operating lease, were calculated based on the present value of the future minimum lease payments over the lease term. Because the Organization does not have access to the rate implicit in the lease, the risk-free rate as of the lease implementation date is utilized as the discount rate. The weighted average discount rate associated with operating leases as of September 30, 2023 was 4.05%.

The Organization leases office space which requires minimum monthly payments of \$7,550 increasing to \$7,701 in April 2023 through the end of the lease term in January 2024. The Organization relocated and signed a new lease effective January 2024.

MISSION ONE, INC.
Notes to Financial Statements
September 30, 2023 and 2022

NOTE 5 – Leases (continued)

Total rent expense for this agreement was \$85,064 with a weighted-average remaining lease term of 4 months for the year ended September 30, 2023, and rent expense of \$87,350 for the year ended September 30, 2022.

Future maturities for lease liabilities for the year ending September 30, 2023:

For the year ended September 30, 2023:	
2024	\$ 23,103
Total lease payments	\$ 23,103
Less present value discount	(155)
Total lease obligations	<u>\$ 22,948</u>

NOTE 6 - Donor-Restricted Net Asset Activity

Donor-restricted net asset activity is as follows for the year ended September 30, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Partner support	\$ -	\$ -
Partner special needs	12,676	-
Partner projects	<u>-</u>	<u>-</u>
Total	<u>\$ 12,676</u>	<u>\$ -</u>

NOTE 7 - Retirement Plan

The Organization has a 403(b) retirement plan that allows employees to make tax-sheltered contributions on a salary reduction basis. Employees are eligible for retirement benefits after one year of full-time employment. For eligible employees, the Organization contributes 2% of the employee salaries and matches up to 5% of the employee salaries. The expenses were \$25,899 and \$41,309 for the years ended September 30, 2023 and 2022, respectively.

NOTE 8 - Contingency

The Organization has one credit card issued to multiple employees for Organization-related business expenses with a total credit limit of \$30,000.

NOTE 9 - Concentration

The Organization did not have a concentration of donor contributions during the year ended September 30, 2023. The Organization received 42% of its contributions from two donors during the year ended September 30, 2022.

MISSION ONE, INC.
Notes to Financial Statements
September 30, 2023 and 2022

NOTE 10 - Liquidity and Funds Available

The Organization is primarily supported by unrestricted contributions; however, the Organization also receives donor-restricted contributions that require resources to be used in a particular manner or a future period. The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Organization manages its liquidity and reserves by adhering to an adopted budget for operating expenses based on projected fiscal year revenue. The budget is reviewed by management and approved by the Board of Directors.

The following table reflects the Organization's financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year of the statement of financial position date because of donor or contractual restrictions:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 213,354	\$ 326,193
Less those unavailable for general expenditure within one year, due to:		
Donor restricted	<u>(12,676)</u>	<u>(-)</u>
Financial assets available to meet cash needs for general expenditures due within one year	<u>\$ 200,678</u>	<u>\$ 326,193</u>

NOTE 11 - Subsequent Events

The Organization relocated and entered into a new 9-month lease agreement for office space commencing on January 1, 2024, with minimum lease payments of \$2,500 per month.

Management has evaluated subsequent events through the report date that represents the date the financial statements were available to be issued.