

JUSTICE AND MERCY INTERNATIONAL, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022 AND 2021

JUSTICE AND MERCY INTERNATIONAL, INC.

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June 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors
Justice and Mercy International, Inc.
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Justice and Mercy International, Inc. (the Organization), a non-profit organization, which comprise the statements of financial position as of June 30, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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 this report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements related 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, and for 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 the Organization's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

(Auditor's report continued on next page)

Auditor's 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 auditor's 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, including omissions, 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.

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 the Organization'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 the Organization'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.



Puryear & Noonan, CPAs

Nashville, Tennessee

November 8, 2022

JUSTICE AND MERCY INTERNATIONAL, INC.
Statements of Financial Position
June 30, 2022 and 2021

Assets

Current Assets	<u>2022</u>	<u>2021</u>
Cash		
Unrestricted	\$ 1,501,593	\$ 939,836
Restricted	<u>571,910</u>	<u>235,130</u>
	2,073,503	1,174,966
Prepaid expenses and other current assets	119,278	5,190
Inventory	<u>23,674</u>	<u>33,646</u>
Total Current Assets	<u>2,216,455</u>	<u>1,213,802</u>
Land and buildings	534,629	534,629
Website development	35,450	-
Furniture and equipment	58,334	55,677
Leasehold improvements	314,282	314,282
Less - Accumulated depreciation	<u>(204,131)</u>	<u>(161,067)</u>
Property and Equipment, Net	<u>738,564</u>	<u>743,521</u>
	<u><u>\$ 2,955,019</u></u>	<u><u>\$ 1,957,323</u></u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 64,580	\$ 12,129
Accrued expenses	12,496	10,551
Deferred revenue	<u>88,208</u>	<u>51,300</u>
Total Current Liabilities	<u>165,284</u>	<u>73,980</u>
Total Liabilities	<u>165,284</u>	<u>73,980</u>
Net Assets		
Without donor restrictions	1,268,895	1,039,277
Without donor restrictions - Board designated	<u>1,002,930</u>	<u>608,936</u>
Total without donor restrictions	2,271,825	1,648,213
With donor restrictions	<u>517,910</u>	<u>235,130</u>
Total Net Assets	<u>2,789,735</u>	<u>1,883,343</u>
Total Liabilities and Net Assets	<u><u>\$ 2,955,019</u></u>	<u><u>\$ 1,957,323</u></u>

See independent auditor's report and accompanying notes to financial statements.

JUSTICE AND MERCY INTERNATIONAL, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 2,407,562	\$ 541,920	\$ 2,949,482
In-kind Contributions	43,000	-	43,000
Special event income	567,637	-	567,637
Merchandise sales, net	1,153	-	1,153
Interest income	669	-	669
Net assets released from restriction	<u>259,140</u>	<u>(259,140)</u>	<u>-</u>
Total Revenues and Support	<u>3,279,161</u>	<u>282,780</u>	<u>3,561,941</u>
Expenses			
Program services	2,125,925	-	2,125,925
Management and general	224,530	-	224,530
Fundraising	<u>305,094</u>	<u>-</u>	<u>305,094</u>
Total Expenses	<u>2,655,549</u>	<u>-</u>	<u>2,655,549</u>
Change in Net Assets	623,612	282,780	906,392
Net Assets - Beginning of Year	<u>1,648,213</u>	<u>235,130</u>	<u>1,883,343</u>
Net Assets - End of Year	<u><u>\$ 2,271,825</u></u>	<u><u>\$ 517,910</u></u>	<u><u>\$ 2,789,735</u></u>

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JUSTICE AND MERCY INTERNATIONAL, INC.
Statement of Activities and Changes in Net Assets (Continued)
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 1,832,624	\$ 367,703	\$ 2,200,327
In-kind Contributions	10,750	-	10,750
Special event income	421,122	-	421,122
Merchandise sales, net	2,727	-	2,727
Other income	116,245	-	116,245
Interest income	3,474	-	3,474
Net assets released from restriction	<u>299,063</u>	<u>(299,063)</u>	<u>-</u>
Total Revenues and Support	<u>2,686,005</u>	<u>68,640</u>	<u>2,754,645</u>
Expenses			
Program services	1,595,092	-	1,595,092
Management and general	162,903	-	162,903
Fundraising	<u>249,661</u>	<u>-</u>	<u>249,661</u>
Total Expenses	<u>2,007,656</u>	<u>-</u>	<u>2,007,656</u>
Change in Net Assets	678,349	68,640	746,989
Net Assets - Beginning of Year	<u>969,864</u>	<u>166,490</u>	<u>1,136,354</u>
Net Assets - End of Year	<u><u>\$ 1,648,213</u></u>	<u><u>\$ 235,130</u></u>	<u><u>\$ 1,883,343</u></u>

See independent auditor's report and accompanying notes to financial statements.

JUSTICE AND MERCY INTERNATIONAL, INC.
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 906,392	\$ 746,989
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities		
Depreciation expense	43,065	30,185
Forgiveness of PPP loan	-	(105,495)
(Increase) decrease in prepaid expenses and other assets	(114,088)	5,247
Increase (decrease) in inventory	9,972	(2,451)
Increase (decrease) in accounts payable	52,451	9,831
Increase (decrease) in payroll and other liabilities	<u>38,853</u>	<u>(20,198)</u>
Net Cash Provided by (Used for) Operating Activities	<u>936,645</u>	<u>664,108</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	<u>(38,108)</u>	<u>(366,047)</u>
Net Cash Used for Investing Activities	<u>(38,108)</u>	<u>(366,047)</u>
Change in Cash	898,537	298,061
Cash - Beginning of Year	<u>1,174,966</u>	<u>876,905</u>
Cash - End of Year	<u><u>\$ 2,073,503</u></u>	<u><u>\$ 1,174,966</u></u>

See independent auditor's report and accompanying notes to financial statements.

JUSTICE AND MERCY INTERNATIONAL, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program				Management and General	Fundraising	Total
	Amazon	Moldova	Mission Trips	Total Program			
Revenues and Support	\$ 161,495	\$ 195,622	\$ 122,125	\$ 479,242	\$ 136,582	\$ 194,729	\$ 810,553
Travel Expense	-	-	-	-	-	-	-
Assistance	277,361	990,012	267,695	1,535,068	-	-	1,535,068
Office Expense	21,235	26,032	16,405	63,672	28,784	28,261	120,717
Professional Fees	3,729	4,572	2,881	11,182	12,487	4,500	28,169
Special Events	-	-	-	-	-	55,543	55,543
Fees and Charges	-	-	-	-	44,038	-	44,038
Depreciation Expense	3,038	31,376	2,347	36,761	2,639	3,665	43,065
Marketing and Development	-	-	-	-	-	18,396	18,396
Expenses	<u>\$ 466,858</u>	<u>\$ 1,247,614</u>	<u>\$ 411,453</u>	<u>\$ 2,125,925</u>	<u>\$ 224,530</u>	<u>\$ 305,094</u>	<u>\$ 2,655,549</u>

See independent auditor's report and accompanying notes to financial statements.

JUSTICE AND MERCY INTERNATIONAL, INC.
Statement of Functional Expenses (Continued)
For the Year Ended June 30, 2021

	Program				Management and General	Fundraising	Total
	Amazon	Moldova	Mission Trips	Total Program			
Revenues and Support	\$ 155,974	\$ 174,970	\$ 97,135	\$ 428,079	\$ 110,435	\$ 166,577	\$ 705,091
Travel Expense	-	-	-	-	-	5,892	5,892
Assistance	442,211	636,682	7,123	1,086,016	-	-	1,086,016
Office Expense	16,833	19,027	10,245	46,105	10,778	15,625	72,508
Professional Fees	2,060	2,329	1,254	5,643	10,911	1,791	18,345
Special Events	-	-	-	-	-	47,357	47,357
Fees and Charges	-	-	-	-	30,349	-	30,349
Depreciation Expense	583	28,312	354	29,249	430	506	30,185
Marketing and Development	-	-	-	-	-	11,913	11,913
Expenses	<u>\$ 617,661</u>	<u>\$ 861,320</u>	<u>\$ 116,111</u>	<u>\$ 1,595,092</u>	<u>\$ 162,903</u>	<u>\$ 249,661</u>	<u>\$ 2,007,656</u>

See independent auditor's report and accompanying notes to financial statements.

JUSTICE AND MERCY INTERNATIONAL, INC.
Notes to Financial Statements
June 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies

Organization and Purpose

Justice and Mercy International, Inc. (the Organization) is a Tennessee non-profit organization that was formed and incorporated in 2008 to mobilize the Church to reach the poor, the orphaned, and the forgotten people in the world.

The Organization is involved in ministries in Moldova and Brazil. Regardless of the country being served, the Organization's plan is to offer hope and help to the most vulnerable. Through volunteer based mission trips, children are helped through friendship and advocacy. Through sponsorship programs, the Organization invests in the long-term well-being of a child by providing essential programs and services to rescue them from harm's way. Through building schools and hosting conferences, indigenous leaders are trained and equipped to help their own communities. When a crisis arises due to global pandemic, war or natural disasters, the Organization assists vulnerable communities with food and other necessities. Through every action performed, the Organization intends to demonstrate the love of Jesus.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which means that revenues are recognized when earned rather than when collected and expenses are recorded when incurred rather than when disbursed.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reporting of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

For financial statement presentation, the Organization reports its financial information according to two classes of net assets (net assets with and without restrictions) based on the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors (the Board).

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Donor restricted contributions are reported as increases in net assets with restrictions. When a restriction expires, net assets are reclassified from net assets with restrictions to net assets without restrictions in the Statements of Activities and Changes in Net Assets. At June 30, 2022 and 2021, net assets with donor restrictions amounted to \$517,910 and \$235,130, respectively.

Measure of Operations

The Statements of Activities and Changes in Net Assets report changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities, contributions, event income, and merchandise income. Non-operating activities are limited to resources that generate return from investments, permanently restricted contributions, net assets released for capital expenditures, and other activities considered to be of a more unusual or non-recurring nature. There were no non-operating activities for the years ended June 30, 2022 and 2021.

Cash and Cash Equivalents

Cash and cash equivalents are liquid assets with minimal interest rate risk and original maturities of three months or less when purchased. Such assets primarily consist of depository account balances and money market funds. The Organization had no cash equivalents at June 30, 2022 and 2021.

Program and Supporting Services - Functional Allocation

The following program and supporting services are included in the accompanying financial statements on the Statements of Functional Expenses.

Program Services - include activities carried out to fulfill the Organization's mission, resulting in services such as job-training, in country support and other programs conducted by the Organization.

Supporting Services - Management and General - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program, event or fundraising but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organization oversight, business management, record keeping, budgeting, financing, and other administrative activities.

Supporting Services - Fundraising and Special Events - the Organization conducts fundraising activities including special events, exhibit and art displays, and online advertising. Direct costs for these activities are recorded as fundraising expenses. Additionally, costs for independent contractors and salaries are allocated to

fundraising based on time spent on fundraising activities as a percentage of total time.

Classification of Expenses

Expenses are classified functionally as a measure of service efforts and accomplishments. Direct expenses, incurred for a single function, are allocated entirely to that function. Joint expenses, applicable to more than one function, are allocated on the basis of objectively summarized information or management estimates.

Donated Services

Donated services that require specialized skills and would be purchased if not provided by the donor are recognized as support and expenses, based on the fair value of the services received. There were no donated services for the years ended June 30, 2022 and 2021.

Inventory

Inventories of books, jewelry and apparel purchased for resale are stated at the lower of cost or net realizable value, determined by the first-in first-out (FIFO) method.

Property and Equipment

Property and equipment are recorded at cost, or for donated assets, at fair value at the date of donation, less accumulated depreciation. Property and equipment are depreciated using the straight-line method based on the following estimated useful lives of the assets.

Furniture and equipment	5 - 7 years
Leasehold improvements	40 years

Significant additions and betterments in excess of \$2,500 are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation expense was \$43,065 and \$30,185 for the years ended June 30, 2022 and 2021, respectively.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects consideration the Organization expects to be entitled to in exchange for transferring those goods or services.

Revenue from contracts with customers is recognized based on the following five step model:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price
- Recognition of revenue when, or as, the Organization satisfies a performance obligation.

Revenues are recognized in an amount that reflects the consideration the entity expects to be entitled in an exchange of goods or services.

The Organization's revenue and support comes primarily from contributions from businesses, individuals, churches, and foundations. Contributors donate directly to the Organization to support the operations, expansion, and the charitable causes that the Organization sponsors. The Organization records the contributions when received either as contributions with or without donor restrictions based upon the presence or absence of donor-imposed restrictions.

Contribution revenue is recognized when received or pledged. Amounts received that are designated for future periods or restricted by the donor are reported as net assets with donor restrictions. Revenue from special events is recognized when it is earned, generally when the event occurs. Reimbursement receipts received prior to year-end for travel which will be incurred subsequent to year-end has been recorded as deferred revenue.

PPP Loan

The Organization received a loan in the amount of \$105,495 in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The Organization received official forgiveness during the year ended June 30, 2021 and it is included in other income on the Statements of Activities and Changes in Net Assets.

Income Taxes

The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for federal or state income taxes is applicable.

The Organization follows the guidance in Accounting Standard Codification (ASC) 740-10 on accounting for uncertainty in income taxes. For all tax positions taken by the Organization, management believes it is clear that the likelihood is greater than 50 percent that the full amount of the tax positions taken will be ultimately realized. The Organization incurred no interest or penalties during the years ended June 30, 2022 and 2021.

Fair Value Measurements

The Organization follows Financial Accounting Standards Board (FASB) ASC 820-10, *Fair Value Measurements*, with the respect to its financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at the fair value in three levels, based on the markets in which the assets and liabilities

are traded, and the reliability of the assumptions used to determine fair value. These levels are as follows:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

U.S. GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, inventory, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair values.

Note 2 - Adoption of New Accounting Pronouncement

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, whose purpose is to clarify the presentation and disclosure of contributed nonfinancial assets with the intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the nonprofit entity. The Organization adopted the new standard effective July 1, 2021. There was no effect on change in net assets as a result of this adoption. The organization has updated disclosures as necessary.

Note 3 - Liquidity and Availability

The Organization's financial assets available within one year of the Statements of Financial Position for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash	<u>\$ 2,073,503</u>	<u>\$ 1,174,966</u>
Total financial assets	2,073,503	1,174,966
 Less - Net assets with donor restrictions	 <u>(517,910)</u>	 <u>(235,130)</u>
Financial assets available to meet cash needs for general expenditures over the next year	 <u><u>\$ 1,555,593</u></u>	 <u><u>\$ 939,836</u></u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 4 - Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts that at times may exceed the federally insured limit of \$250,000. The Organization has not experienced, nor does it anticipate, any losses with respect to such amounts.

Note 5 - Retirement Plan

The Organization has adopted a 403(b) retirement plan that allows full-time employees who work more than 32 hours per week to participate. The Organization made an employer contribution equal to 5% of employee's salary which totaled \$26,965 and \$20,936 for the years ending June 30, 2022 and 2021, respectively.

Note 6 - Net Assets with Donor Restrictions

Net assets of \$259,140 and \$299,063 were released from donor restrictions by incurring expenses satisfying the restrictions specified by the donor in 2022 and 2021, respectively. Donor restrictions were as follows as of June 30, 2022 and 2021:

Justice and Mercy International, Inc.
Notes to Financial Statements (Continued)

	<u>2022</u>	<u>2021</u>
Amazon Build a School	\$ 24,334	\$ 21,130
Amazon Pastors Transportation	8,824	8,000
Amazon Terra de Paz Repairs	-	5,000
Amazon Indigenous Pastor Trips	33,488	32,000
Amazon Priority Needs	17,746	-
Mike Minter Heart for Amazon Fund	32,567	-
Mission Trip Scholarship Fund	52,573	52,423
Moldova/Ukraine Crisis	135,545	-
Moldova Orphan/Vulnerable Child	15,400	-
Moldova Priority Needs	5,848	-
Moldova Vans	-	12,544
Jennifer Sevier Moldova Fund	4,283	883
Steve Davis Heart for Moldova Fund	<u>187,302</u>	<u>103,150</u>
	<u><u>\$ 517,910</u></u>	<u><u>\$ 235,130</u></u>

In addition, the Board has designated \$1,002,930 and \$182,884 of unrestricted net assets to be used towards mission trip scholarships, Amazon school funds, Amazon emergency food/medical fund, Amazon priority needs fund, Amazon pastors fund, Moldova priority needs fund, and Moldova TL capital campaign fund as June 30, 2022 and 2021, respectively.

Note 7 - In-Kind Donations

On April 1, 2021, the Organization moved into new office space in Nashville, Tennessee and entered into a lease agreement with Rolling Hills Community Church (See Note 8). The office space lease is approximately 4,300 square feet and is being donated to the Organization. The initial term of the lease is for one year, expiring on March 31, 2022. Upon the expiration of the initial term, the lease will automatically renew for additional consecutive terms of one year each renewal term. Either party may terminate the lease by providing 180 days' written notice. The estimated value of the lease is \$43,000 or \$3,583.33 per month based on comparable market rates. As of June 30, 2022, the Organization recorded both revenue and rent expense of \$43,000 and \$10,750 for the years ending June 30, 2022 and 2021, respectively, on the Statements of Activities and Changes in Net Assets.

Note 8 - Related Party Transactions

The Organization is affiliated with Rolling Hills Community Church (RHCC) in Franklin, Tennessee. RHCC provides free office space to the Organization and also donates a portion of its weekly offering to the Organization. During the years ended June 30, 2022 and 2021, RHCC donated \$280,469 and \$304,477, respectively, to the Organization.

The Organization supports related ministries in foreign countries. Two of these ministries are located in Moldova and Brazil and are marketed and presented as being partners with the Organization. The Moldovan organization Hope and Charity, received approximately \$990,000 and \$637,000 in support and the Brazilian organization, Justice and Mercy Amazon, received approximately \$277,000 and \$442,000 during the years ended June 30, 2022 and 2021, respectively.

Note 9 - Concentrations

The Organization receives a substantial amount of its support and revenues from businesses, individuals, churches, and foundations. Rolling Hills Community Church contributed approximately 12% of total revenue and support during the year ended June 30, 2021.

Note 10 - Subsequent Events

Management has evaluated subsequent events through November 8, 2022, the date that the financial statements were available to be issued.

Note 11 - Contingencies

In December 2019, an outbreak of a novel strain of Coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. During the years ended June 30, 2022 and 2021, there was minimal impact on the Organization's operations due to COVID-19. However, it is unknown how long these conditions will last and what the complete financial effect will be on the Organization overall.

Note 12- Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842), which requires lessees to recognize assets and liabilities for most leases. The recognition measurement, and presentation of expenses and cash flows arising from a lease by a lessee is not expected to significantly change under such guidance. The standard, as amended, will be effective for annual reporting periods beginning after December 15, 2021. Accordingly, this ASU will be effective for the Organization for the year ending June 30, 2023. The Organization is currently evaluating the impact that adoption of the ASU will have on the Organization's financial position and results of operations.