

Military Assistance Mission Inc.

Financial Statements

December 31, 2021

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Mark D McGaffin, CPA, PLC

Accountant's Compilation Report

Management is responsible for the accompanying financial statements of Military Assistance Mission Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements, nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. I do not express an opinion, a conclusion nor provide any assurance on these financial statements.

A handwritten signature in blue ink that reads "Mark D McGaffin, CPA". The signature is written in a cursive style with a horizontal line crossing through the middle of the name.

Mark D McGaffin, CPA
Phoenix, Arizona
June 10, 2022

Military Assistance Mission Inc.
Statement of Financial Position
December 31, 2021
(2020 Presented for comparative purposes)

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|-----------------------|----------------------|
| <u>Assets</u> | | |
| Current Assets : | | |
| Cash | \$ 451,119 | \$337,699 |
| Marketable Securities | - | - |
| Prepaid expenses | <u>1,500</u> | <u>1,636</u> |
| Total current assets | <u>452,619</u> | <u>339,335</u> |
| Property and equipment | | |
| Vehicles and equipment | 83,396 | 83,236 |
| Accumulated depreciation | <u>(70,510)</u> | <u>(63,766)</u> |
| Total fixed assets | <u>12,886</u> | <u>19,470</u> |
| Total Assets | <u>\$ 465,505</u> | <u>\$358,805</u> |
| <u>Liabilities</u> | | |
| Current liabilities: | | |
| Line of credit payable | \$13,750 | \$7,494 |
| PPP Loan payable | <u>62,757</u> | <u>60,947</u> |
| Total current liabilities | <u>76,507</u> | <u>68,441</u> |
| <u>Net assets</u> | | |
| Without donor restrictions | <u>388,998</u> | <u>290,364</u> |
| Total net assets | <u>388,998</u> | <u>290,364</u> |
| Total liabilities and net assets | <u>\$ 465,505</u> | <u>\$358,805</u> |

See accountants compilation report
See accompanying notes to these financial statements

Military Assistance Mission Inc.
Statement of Activities
For the year ended December 31, 2021
(2020 Presented for comparative purposes)

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Revenue, support and gains: | | |
| Contributions | \$ 438,465 | \$ 404,185 |
| Donated goods and services | 13,171 | 101,462 |
| Fundraising revenue | 67,518 | 116,606 |
| PPP loan forgiveness | 60,947 | - |
| Other income | 18,302 | 20,719 |
| Total revenue, support and gains | <u>598,403</u> | <u>642,972</u> |
| Expenses: | | |
| Program services | 435,956 | 505,539 |
| Management and administrative | 27,853 | 55,100 |
| Fundraising | 35,960 | 92,561 |
| Total expenses | <u>499,769</u> | <u>653,200</u> |
| Change in net assets | 98,634 | (10,228) |
| Net assets, beginning of year | <u>290,364</u> | <u>300,592</u> |
| Net assets, end of year | <u>\$ 388,998</u> | <u>\$ 290,364</u> |

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**Military Assistance Mission Inc.
Statement of Functional Expenses
For the year ended December 31, 2021**

| | <u>Program Services</u> | | | <u>Support services</u> | | |
|-----------------------------|-------------------------|--|-------------------|--|--------------------|-------------------|
| | <u>GI Gap Grant</u> | <u>Military Family Support</u> | <u>Total</u> | <u>Management and Administration</u> | <u>Fundraising</u> | <u>Totals</u> |
| Employee wages and expenses | \$ - | \$ 284,313 | 284,313 | \$ 17,208 | \$ 6,985 | \$ 308,506 |
| Direct financial assistance | - | 58,247 | 58,247 | - | - | 58,247 |
| In-kind-expenses | - | 13,171 | 13,171 | - | - | 13,171 |
| Occupancy | - | 31,297 | 31,297 | 4,056 | 1,533 | 36,886 |
| Printing and publications | - | 1,529 | 1,529 | - | 7,842 | 9,371 |
| Professional fees | - | 7,893 | 7,893 | 2,705 | - | 10,598 |
| Supplies | - | 8,620 | 8,620 | 180 | 880 | 9,680 |
| Communication | - | 6,947 | 6,947 | 364 | 50 | 7,361 |
| Depreciation | - | 8,844 | 8,844 | 1,561 | - | 10,405 |
| Travel and meetings | - | 5,297 | 5,297 | 304 | - | 5,601 |
| Other expenses | - | 9,798 | 9,798 | 1,475 | 18,670 | 29,943 |
| | <u>\$ -</u> | <u>\$ 435,956</u> | <u>\$ 435,956</u> | <u>\$ 27,853</u> | <u>\$ 35,960</u> | <u>\$ 499,769</u> |

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Military Assistance Mission Inc.
Statement of Cash Flows
For the year ended December 31, 2021

| | 2021 |
|--|----------------|
| Cash flows from operating activities: | |
| Change in net assets | \$ 98,634 |
| Adjustments to reconcile change in net assets to net cash provided by/used for operating activities: | |
| Depreciation | 10,405 |
| PPP loan forgiveness | (60,947) |
| Changes in assets and liabilities: | |
| Prepaid expenses | 136 |
| Accounts payable | 6,256 |
| Net cash provided by operating activities | 54,484 |
| | |
| Cash flows from investing activities | |
| Capital expenditures | (3,821) |
| Net cash used for investing activities | (3,821) |
| | |
| Cash flows from financing activities | |
| PPP loan advance | 62,757 |
| Net cash provided by financing activities | 62,757 |
| | |
| Net increase in cash | 113,420 |
| | |
| Cash at beginning of year | 337,699 |
| | |
| Cash at end of year | \$ 451,119 |

See accountants compilation report
See accompanying notes to these financial statements

Military Assistance Mission Inc.
Notes to Financial Statements
December 31, 2021

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Military Assistance Mission Inc. (MAM) is an Arizona nonprofit organization that provides morale and financial aid to Arizona active-duty military and their families and post September 11 Purple Heart Recipients.

Basis of Accounting

The financial statements of MAM have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of MAM have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. MAM is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of MAM and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Donor restrictions can be either temporary in nature; those restrictions will be met either by actions of MAM and/or the passage of time. Other donor restrictions can be perpetual in nature, whereby the donor stipulates the funds must be maintained in perpetuity. MAM has donor restricted assets that are temporary in nature and will be used for the donor's stipulated purpose.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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.

Military Assistance Mission Inc.
Notes to Financial Statements
December 31, 2021

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, MAM considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Marketable Securities

Investments in securities with a maturity of greater than three months at the date of purchase and other securities where there is more than an insignificant risk of change in value due to interest rate or other market risks are classified as marketable securities. Marketable securities are measured at fair value. Marketable securities are considered trading securities for financial reporting purposes and are adjusted to fair value at reporting dates. All unrealized gains and losses are reported as other income in the accompanying statement of activities.

Fair Value Measurements

In measuring fair value, various valuation methods are utilized with priority given to observable inputs. The following is the hierarchy of observable and non-observable inputs used in the valuation methodology.

- 1) Level 1 inputs – this includes quoted prices for identical instruments and are the most observable.
- 2) Level 2 inputs – includes quoted prices for similar instruments and observable inputs such as interest rates, exchange rates and yield curves.
- 3) Level 3 inputs – include data not observable in the market and reflects management judgment about assumptions market participants would use in pricing the instruments.

Concentration of Credit and Market Risk

Financial instruments that potentially expose MAM to concentrations of credit and market risk consist primarily of cash equivalents and marketable securities. Cash is maintained in bank deposit accounts, which for short periods of time, may exceed federally insured limits. There was approximately \$194,000 of uninsured cash at year end. To minimize credit risk cash accounts are maintained in high quality financial institutions with credit exposure limited to any one institution.

Military Assistance Mission Inc.
Notes to Financial Statements
December 31, 2021

Property and Equipment

All purchases of property and equipment with a cost more than \$1,000 and repairs that materially prolong the life of the repaired asset are capitalized as property and equipment in the statement of financial position. Property and equipment are reported at purchased cost and if donated at the estimated fair value at the time of the donation. Depreciation is calculated primarily using straight line methods over the useful life of the respective assets, ranging from 3 to 7 years.

MAM reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered impaired when the estimate future cash flows of the respective asset is less than the carrying amount of the asset. Management does not believe that there are any impairment indicators present.

Compensated Absences

Employees are entitled to personal time off (PTO) based on job classification, length of service, and other factors. MAM's policy is to recognize the cost of compensated absences at the time the compensation is earned by the employee.

Revenue Recognition

Revenue is recognized when earned. There are no pledges or trade type receivables that should be recognized.

Functional Allocation of Expenses

The cost of providing various programs and activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include employee wages and benefits and occupancy expenses. Expenses are allocated based upon time and effort as well as square footage utilized.

Advertising

MAM uses various forms of advertising to promote its programs to military veterans and their families. All advertising costs are expensed as incurred. During 2019 MAM advertising expenses were approximately \$6,500.

Military Assistance Mission Inc.
Notes to Financial Statements
December 31, 2021

Income Tax Status

MAM is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. MAM's Form 990 informational tax filing is generally subject to examination by the Internal Revenue Service for three years after the date of filing.

Note 2 – Liquidity and Availability

The following represents MAM's financial assets on December 31, 2021:

Financial assets at year end:

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 451,119 |
| Marketable securities | - |
| Total financial assets | <u>\$ 451,119</u> |

MAM regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also trying to maintain a reasonable return on its remaining available funds. MAM invests additional funds in various interest and dividend bearing securities. These additional invested funds can be converted into available cash without penalty as needed to meet any short term obligations.

Note 4 – Property and Equipment

Property and equipment consists of the following :

| | |
|-----------------------------|------------------|
| Vehicles | \$ 50,221 |
| Furniture and fixtures | 15,299 |
| Computer equipment | <u>17,876</u> |
| | \$ 83,396 |
| Accumulated depreciation | <u>(70,510)</u> |
| Property and equipment, net | <u>\$ 12,886</u> |

Military Assistance Mission Inc.
Notes to Financial Statements
December 31, 2021

Note 3 - Paycheck Protection Program (PPP) Loan

MAM received approval for a Payroll Protection Program (PPP) loan under the CARES Act and received the funds May 1, 2020 in the amount of \$60,947. MAM met all criteria required for loan forgiveness by the Small Business Administration and the loan was forgiven on April 15, 2021 and was recorded as PPP loan forgiveness in the Statement of Activities. MAM was approved by the SBA for another PPP loan in the amount of \$62,757 and the funds were received March 29, 2021. MAM has not applied for loan forgiveness for this loan.

Note 5 – Subsequent Events

Subsequent events have been evaluated through June 10, 2022, which is the date the financial statements were available to be issued. MAM has not entered into any contracts or commitments subsequent to year end that would require recording as of and for the year ended December 31, 2021.