



# MODERN DAY

MODERN DAY MISSIONS, INC.

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Financial Statements  
with Independent Auditors' Report  
December 31, 2020

**MODERN DAY MISSIONS, INC.**

Financial Statements

December 31, 2020

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**ISHAM & RAMIREZ** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report**

To the Board of Directors of  
Modern Day Missions, Inc.  
Grand Prairie, Texas

We have audited the accompanying financial statements of Modern Day Missions, Inc. (a Texas not-for-profit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, 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 from 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 Modern Day Missions, Inc., as of December 31, 2020, 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.

*Asham & Ramirez, PLLC*

July 7, 2021

# MODERN DAY MISSIONS, INC.

## Statement of Financial Position

December 31, 2020

### Assets

#### Current assets

Cash and cash equivalents	\$ 979,343
Accounts receivable	76,366
Current portion of notes receivable	14,251

Total current assets 1,069,960

#### Noncurrent assets

##### Property and equipment

Land and improvements	113,445
Buildings and improvements	410,272
Furniture and equipment	25,154
Vehicles	4,000
Less: accumulated depreciation	(47,325)

Net property and equipment 505,546

##### Other assets

Notes receivable, net of current portion	12,384
Long-term investments	45,883
Website and intangible assets net	263,072

Total noncurrent assets 321,339

### Total Assets

\$ 1,896,845

### Liabilities & Net Assets

#### Current liabilities

Current portion of long-term debt	\$ 8,959
Accounts payable	134,003
Accrued liabilities	3,848

Total current liabilities 146,810

#### Noncurrent liabilities

Notes payable, net of current portion	<u>302,050</u>
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Total liabilities 448,860

#### Net assets

Without donor restrictions	<u>1,447,985</u>
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Total net assets 1,447,985

### Total Liabilities & Net Assets

\$ 1,896,845

*The accompanying notes are an integral part of these financial statements.*

# MODERN DAY MISSIONS, INC.

Statement of Activities  
For the Year Ended December 31, 2020

## Changes in net assets without donor restrictions

Revenues		
Revenues without donor restrictions		
Contributions	\$	6,138,930
Program service fees		12,111
In-kind contributions		242,160
Gain on extinguishment of debt		38,145
Other income		3,715
Total revenues without donor restrictions		<u>6,435,061</u>
Expenses		
Programs		
Missions		<u>5,367,006</u>
Support services		
Fundraising		24,610
General and administrative		297,031
Total support services expenses		<u>321,641</u>
Total expenses		5,688,647
Change in total net assets		746,414
Net assets at beginning of year		<u>701,571</u>
Net assets at end of year	\$	<u><u>1,447,985</u></u>

*The accompanying notes are an integral part of these financial statements.*

## MODERN DAY MISSIONS, INC.

Statement of Functional Expenses  
For the Year Ended December 31, 2020

	Programs	Support services			Total expenses
	Missions	Fundraising	General and administrative	Support services subtotal	
Advertising and promotion	\$ 4,333	\$ 24,558	\$ 24,558	\$ 49,116	\$ 53,449
Bank charges and fees	-	-	74,489	74,489	74,489
Compensation	126,812	52	119,296	119,348	246,160
Depreciation and amortization	14,324	-	14,325	14,325	28,649
Donation to others	8,565	-	-	-	8,565
Interest	2,435	-	15,157	15,157	17,592
Information technology	-	-	3,035	3,035	3,035
Member expense	5,171,227	-	-	-	5,171,227
Occupancy	19,041	-	19,041	19,041	38,082
Office expense	-	-	17,858	17,858	17,858
Professional services	9,272	-	9,272	9,272	18,544
Travel	10,997	-	-	-	10,997
Total expenses	\$ 5,367,006	\$ 24,610	\$ 297,031	\$ 321,641	\$ 5,688,647

*The accompanying notes are an integral part of these financial statements.*

# MODERN DAY MISSIONS, INC.

Statement of Cash Flows  
For the Year Ended December 31, 2020

## Cash flows from operating activities

Cash received from donors, dues, and other	\$ 6,076,917
Cash paid for programs and support services	(5,601,182)
Interest paid	(17,592)
Net cash provided (used) by operating activities	<u>458,143</u>

## Cash flows from investing activities

Collections of notes receivable	15,215
Purchase of investments	(16,000)
Purchase of property and equipment	(5,564)
Investment in buildings and improvements	(14,841)
Investment in website	(20,991)
Net cash provided (used) by investing activities	<u>(42,181)</u>

## Cash flows from financing activities

Proceeds from note payable	38,145
Payments on notes payable	(33,876)
Net cash provided (used) by financing activities	<u>4,269</u>

Net increase (decrease) in cash and cash equivalents 420,231

Cash and cash equivalents at beginning of year 559,112

Cash and cash equivalents at end of year \$ 979,343

## Reconciliation of change in total net assets to net cash provided (used) by operating activities

Change in total net assets	<u>\$ 746,414</u>
Adjustments	
Depreciation	20,511
Amortization	8,138
Gain from extinguishment of debt	(38,145)
Change in accounts receivable and prepaids	(76,366)
Noncash investment income	(1,473)
Change in other assets	(225,660)
Change in accounts payable and other accrued liabilities	24,724
Total adjustments	<u>(288,271)</u>
Net cash provided (used) by operating activities	<u><u>\$ 458,143</u></u>

*The accompanying notes are an integral part of these financial statements.*

## MODERN DAY MISSIONS, INC.

Notes to the Financial Statements

December 31, 2020

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Organization and Nature of Operations**

Modern Day Missions, Inc. (the “Organization”) is incorporated under the laws of the State of Texas as a not-for-profit religious Organization and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Modern Day provides services that enable missionaries to raise financial support so they can fulfill the calling of taking Jesus to the nations.

#### **Programs**

The Organization pursues its mission through the execution of the following major programs that are also the reported functional expenses of the Organization:

- **Missions program**: Equipping missionaries and facilitating their needs as they prepare to go and serve in the mission field, spreading the Gospel of Jesus Christ.
- **Fundraising**: To facilitate giving from the Organization’s supporters.
- **General and administrative**: Providing administrative support to the above areas.

#### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. Revenues are recognized when earned, and expenses are recorded when incurred.

#### **Cash and cash equivalents**

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

Financial instruments that potentially subject the Organization to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000.

#### **Accounts Receivable**

Account’s receivables represent amounts due from the organization’s service provider. The allowance method is used to determine uncollectible accounts and is based on account-by-account determination, prior years’ experience, and management’s analysis of subsequent collections. Management has determined that all receivable balances are collectible; therefore, no allowance for doubtful accounts has been recorded at December 31, 2020.

## MODERN DAY MISSIONS, INC.

Notes to the Financial Statements

December 31, 2020

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member.

Revenue from non-exchange transactions consist of the following:

- Contributions and grants: revenue and support received without donor stipulations are reported as revenue and net assets without donor restrictions. Revenue and support received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction. Contributions that are originally restricted by the donor and for which the restriction is met in the same reporting period are recorded as revenue and net assets without donor restriction. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

- Program service fees: fees are charged primarily to missionaries and other nonprofit participants for the cost of administrative services rendered that are not collected from third-party payors. Revenue is recognized when online donations are processed.
- Commission revenue: the Organization operates a website that processes online contributions for other charities. The Organization has an exclusive contract with a third-party service provider to remit online funds directly to each charity. The Organizations' website facilitates payments between donors and the charities. The service provider establishes the credit card processing fees, and the Organization earns a commission equal to .22% of the processing fee charged to these charities. The Organization recognizes commission revenue when the service provider processes online contribution through their website.

#### Allocation of expenses by function and nature

The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statement of activities and on both a functional and a natural basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories benefited.

## MODERN DAY MISSIONS, INC.

Notes to the Financial Statements

December 31, 2020

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Net assets without donor restrictions

The Organization disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to the Organization's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow the Organization to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates. As of December 31, 2020, the Organization has no designated net assets.

#### Net assets with donor restriction

The Organization disaggregates net assets with donor restriction into two subcategories:

- Temporarily restricted: The Organization reports gifts of cash and other assets as with temporary donor restriction if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt. As of December 31, 2020, the Organization had no temporarily restricted net assets.
- Permanently restricted: The Organization reports gifts of cash and other assets as with permanent donor restriction if they are received with donor stipulations permanently restricting the contribution to investment but permitting the Organization to use part or all of the income derived from the investment for general or restricted purposes. As of December 31, 2020, the Organization had no permanently restricted net assets.

#### 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 notes. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements are depreciation and the estimated allocation of certain payroll and facility expenses to the functional areas. Depreciation is computed using management's estimate of the useful lives of the asset. The allocation of payroll and facility expenses is, respectively, based on management's estimate of staff time and roles and facility space and usage.

We considered the impact of the COVID-19 pandemic on the assumptions and estimates used and determined that there were no material adverse impacts on the financial statements for the year ended December 31, 2020.

## **MODERN DAY MISSIONS, INC.**

Notes to the Financial Statements  
December 31, 2020

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Compensated absences**

Compensated absences for personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

#### **Donated assets**

Donated property and equipment are recorded at fair market value on the date of receipt in the appropriate investment, property, building or equipment account. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. For the year ended December 31, 2020, donated assets recognized in the financial statements totaled \$225,660.

#### **Donated services**

The Organization receives substantial support in the form of contributed services from volunteers. Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. Contributed services that do not meet these criteria are not recognized as revenue. See related party transactions note for in-kind rent recorded in the financial statements for the year ended December 31, 2020.

A substantial number of volunteers have donated significant amounts of their time to the Organization's programs. However, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition.

#### **Investments**

All investments are measured at fair value based upon the exit price model, which is the price that would be received to sell the investments. Investment fees are netted within the investment income. These expenses are not material to these financial statements. Investment income is included in other income on statements of activities.

#### **Fair value measurements**

The fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

## MODERN DAY MISSIONS, INC.

Notes to the Financial Statements

December 31, 2020

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Physical properties

Property and equipment are recorded at acquisition cost. Donated assets are recorded at fair market value at the time of receipt. The Organization capitalizes assets with an individual acquisition cost greater than \$1,000. Betterments and renewals are capitalized. Maintenance and repairs are charged to operations when incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Furniture and equipment	3 - 7 years
Vehicles	3 years

#### Impairment of long-lived assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

#### Liquidity:

The statement of financial position is classified to show subtotals for current assets and current liabilities as part of the Organization's enhanced disclosure of liquidity. The Organization anticipates using current assets and satisfying current liabilities within one year of the statement date. Financial assets, excluding notes receivable, represent financial assets available for general expenditure within one year of the statement date. Notes are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

#### Income tax status

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities. For the year ended December 31,2020, the Organization has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. The Organization files Form 990 with the Internal Revenue Service and believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax returns of the Organization for the prior three years are open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

## MODERN DAY MISSIONS, INC.

Notes to the Financial Statements

December 31, 2020

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Adoption of new accounting standards

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The Organization adopted the provisions of this new standard during the year ended December 31, 2020. In addition to changes in methodology for revenue recognition, the standard eliminates the transaction and industry specific revenue recognition guidance under current GAAP and replaces it with a principle-based approach for determining revenue recognition. Revenue is recognized using the five-step approach required by Accounting Standards Codification (ASC) Topic 606 *Revenue from Contracts with Customers*, as follows:

1. Identification of the contract with customer.
2. Identification of the performance obligations in the contract.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations in the contract.
5. Recognition of revenue when, or as, performance obligations are satisfied.

*Performance Obligations and Significant Judgements:* A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service and recognized as revenue when, or as, the performance obligation is satisfied. If a distinct good or service does not have an observable standalone selling price, then the primary method used to estimate the standalone selling price is adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The Organization has also adopted ASU No. 2018-08, Not-For-Profit Entities (Topic 958) *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The new guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provides guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions. The adoption of this standard for the year ended December 31, 2020, did not result in a change to the accounting for the Organization's revenue. Management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

## MODERN DAY MISSIONS, INC.

Notes to the Financial Statements

December 31, 2020

### NOTE 2. ADVERTISING EXPENSE

The Organization uses advertising to promote its programs among the constituencies it serves. The Organization expenses advertising costs as incurred. Advertising expense was \$53,449 for the year ended December 31, 2020.

### NOTE 3. RELATED PARTY TRANSACTIONS

During 2019 the Organization borrowed \$2,000 from the executive manager at no interest for the purchase of a vehicle. The loan is payable on or before December 31, 2020, and is secured by the resale of the vehicle.

In 2020, the Organization relocated their principal office to the offices of an affiliated organization free of charge. Correspondingly the estimated value of in-kind rent was \$16,500 for the year ended December 31, 2020, and has been recorded as a non-cash contribution and occupancy expense.

### NOTE 4. INVESTMENTS

Investments by type for the year ended December 31, 2020, are as follows:

Cash	\$	32,268
Equities		<u>13,615</u>
Total	\$	<u><u>45,883</u></u>

The change in investments for the year ended December 31, 2020, are as follows:

Investments, beginning of year	\$	28,411
Investment income, net of fees		697
Realized and unrealized gains/(losses)		775
Purchase of investments		<u>16,000</u>
Investments, end of year	\$	<u><u>45,883</u></u>

## MODERN DAY MISSIONS, INC.

Notes to the Financial Statements

December 31, 2020

### NOTE 5. FAIR VALUE MEASUREMENT

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value for the purpose of indicating the relative levels of uncertainty in the fair value measurements as the reporting date. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than quoted prices in active markets, are observable either directly or indirectly, and Level 3 consists of unobservable inputs in which there is little or no market data, which requires the Organization to develop its own assumptions. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents the fair value measurements of assets reported in the accompanying statement of financial position at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

	Fair Value Measurements at the End of the Reporting Period Using			
	Total	Level 1	Level 2	Level 3
As of December 31, 2020				
Assets				
Cash	\$ 32,268	\$ 32,268	\$ -	\$ -
Equity stocks	13,615	13,615	-	-
Total investments	<u>\$ 45,883</u>	<u>\$ 45,883</u>	<u>\$ -</u>	<u>\$ -</u>

### NOTE 6. NOTES RECEIVABLE

Notes receivable are amounts due from a missionary. The notes require monthly payments which include interest of 1.52% and are secured by real property. Note's mature in 2022.

Principal payments for the next two years are projected as follows:

2021	\$ 14,251
2022	<u>12,384</u>
Total notes receivable	26,635
Less: current portion	<u>(14,251)</u>
Notes receivable, net	<u>\$ 12,384</u>

## MODERN DAY MISSIONS, INC.

Notes to the Financial Statements

December 31, 2020

### NOTE 7. NOTES PAYABLE

Notes payable at December 31, 2020, consist of two notes payable to a bank and a secured loan from management.

The first note payable is for property and a building, in the original amount of \$299,625, with an outstanding balance at December 31, 2020, of \$276,436. The loan carries a fixed interest rate of 6.00%, is amortized over 25 years and matures in February 2043. In April 2020, the bank adjusted the interest rate to down to 5.00%. Payments are in the amount of \$1,946 per month. The note is secured by land and a building at 2007 Waterwood Drive, Arlington, Texas.

The second note payable for property and building improvements, in the original amount of \$34,159, with an outstanding balance at December 31, 2020, of \$32,570. The loan carries a fixed interest rate of 6.25%, is amortized over 25 years and matures in February 2043. In April 2020, the bank adjusted the interest rate down to 5.25%. Payments are in the amount of \$231 per month. The note is secured by land and a building at 2007 Waterwood Drive, Arlington, Texas.

The third note payable is from an executive manager, in the original amount of \$2,000, with an outstanding balance at December 31, 2020, of \$2,000. The loan carries no interest and is payable on or before December 31, 2021. The note is secured by the resale of the vehicle. *See Related Party Transactions note.*

In 2020 another note payable for property and building improvements, in the original amount of \$28,000, was paid in full. The loan carried a fixed interest rate of 4.20% and was amortized over 5 years and was scheduled to mature in April 2024. Payments were in the amount of \$519 per month. The note was secured by land and a building at 2007 Waterwood Drive, Arlington, Texas.

Notes payable at December 31, 2020, consisted of the following:

Note 1	\$ 276,439
Note 2	32,570
Note 3	<u>2,000</u>
Total notes payable	311,009
Less: current portion	<u>(8,959)</u>
Notes payable, net	<u><u>\$ 302,050</u></u>

**MODERN DAY MISSIONS, INC.**

Notes to the Financial Statements

December 31, 2020

**NOTE 7. NOTES PAYABLE (continued)**

Principal payments for the next five years and thereafter are projected as follows:

2021	\$ 8,959
2022	7,396
2023	7,861
2024	8,304
2025	8,877
Thereafter	<u>269,612</u>
Total long-term debt	311,009
Less current portion	<u>(8,959)</u>
Long-term debt less current portion	<u><u>\$ 302,050</u></u>

**NOTE 8. PAYCHECK PROTECTION PROGRAM LOAN**

In 2020 the Organization secured a Paycheck Protection Program (PPP) loan. On April 16, 2020, the Organization qualified for and received a loan pursuant to the PPP, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for a principal amount of \$38,145. The PPP loan bears interest at a fixed rate of 1.0% per annum, with the first ten months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization applied for forgiveness of the PPP loan with respect to these covered expenses. The Organization received full forgiveness of the PPP loan prior to yearend and is included in gain from extinguishment of debt on the statement of activities.

**NOTE 9. RETIREMENT PLAN**

The Organization has a defined contribution plan covering all employees with at least six months of service. The Organization matches employee's contributions up to 3% of an eligible employee's income per year. Total expense for the year ended December 31, 2020, was approximately \$3,449.

## MODERN DAY MISSIONS, INC.

Notes to the Financial Statements  
December 31, 2020

### NOTE 10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets are current assets available for general expenditure within one year of the statement date. Financial assets are calculated as follows: current assets less prepaid expenses, and other similar current assets, as applicable.

As part of the Organization's liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. As part of this strategy the Organization maintains general reserves in its unrestricted general net assets. If liquidity becomes a concern, the Organization may elect to decrease its program budget in order to eliminate excess spending.

There can be no assurance that the actual future results, performance, benefits, or achievements that the Organization expects from these strategies, systems, initiatives, or products, including their measures to mitigate the operating and financial impact of the COVID-19 pandemic, will occur. Although the COVID-19 pandemic has had a material adverse impact on the Organization's business operations and operating results and cash flows, the Organization does not believe there are other current or expected conditions or events that would result in it being unable to meet their obligations within a year of their financial statement issuance date and believe they have sufficient liquidity from operations and other liquidity options to repay their obligations for the foreseeable future.

The Organization's financial assets as of December 31, 2020, are quantified as follows:

Current assets	\$ 1,069,960
Less: non-liquid assets, prepaid expenses and other	<u>(90,617)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 979,343</u>

### NOTE 11. RISKS AND UNCERTAINTIES

In March of 2020, the World Health Organization declared the outbreak of the COVID-19 corona virus pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

## MODERN DAY MISSIONS, INC.

Notes to the Financial Statements  
December 31, 2020

### NOTE 12. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### *Disaggregation of Revenue from Contracts with Customers*

The following table disaggregates the Organization's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2020.

Performance obligations satisfied at a point in time:	
Program service fees	12,111
Commissions	1,669
Other revenue*	
Investment income	2,046
Contributions	6,138,930
Gain on extinguishment of debt	38,145
In-kind contributions	242,160
	<hr/>
	\$ 6,435,061

\* Due to the nature of these revenue streams, these items are excluded from required disaggregation under ASC Topic 606. They are included here to provide a reconciliation to total revenues reported in the statement of activities.

### NOTE 13. IN-KIND CONTRIBUTIONS

The Organization received the following in-kind contributions during the year ended December 31, 2020:

	<u>Programs</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Assets</u>	<u>Total</u>
Rent	\$ 8,250	\$ 8,250	\$ -	\$ -	\$ 16,500
Other	-	-	-	225,660	225,660
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 8,250	\$ 8,250	\$ -	\$ 225,660	\$ 242,160

### NOTE 14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date of the independent auditor's report on page two, which is the date the financial statements were available to be issued.