



**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN**

INDEPENDENT CERTIFIED AUDITOR'S REPORT

September 30, 2023

**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN**

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Independent Auditor's Report

To the Board of Directors of Foundation For His Ministry

Opinion

I have audited the financial statements of Foundation For His Ministry (a California nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, cash flows, and statement of functional expenses for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Foundation For His Ministry as of September 30, 2023, the changes in its net assets, cash flows and its functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Foundation For His Ministry and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Foundation For His Ministry's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

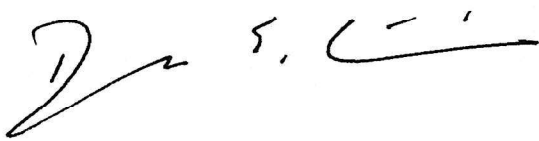
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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.

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

- 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 Foundation For His Ministry'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Foundation For His Ministry's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Covina, California

February 13, 2024

**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN
Statement of Financial Position
September 30, 2023**

ASSETS

Cash and cash equivalents (Note 2 and 3)	\$ 88,330
Prepaid expenses	7,760
Investments (Notes 7 and 8)	887,715
Investments with donor restrictions (Notes 7, 8 and 9)	493,317
Net property and equipment (Notes 2 and 4)	1,044,614
Other investments	<u>246,394</u>
TOTAL ASSETS	<u>\$ 2,768,130</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 1,000
Accrued expenses	<u>35,255</u>
Total Liabilities	<u>36,255</u>

Net Assets

Net assets without donor restrictions	2,238,558
Net assets with donor restrictions (Note 9)	<u>493,317</u>
Total net assets	<u>2,731,875</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,768,130</u>

The accompanying notes are an integral part of these statements.

**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN
Statement of Activities
For the year ended September 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds</u>
Public Support and Revenue			
Public Support:			
Contributions	\$ 2,092,981	\$ 633,086	\$ 2,726,067
Revenue:			
Investment income, net	115,455	-	115,455
Book sales and other revenue	<u>48,258</u>	<u>-</u>	<u>48,258</u>
Total support and revenue before releases	2,256,694	633,086	2,889,780
Net assets released from restrictions	<u>334,473</u>	<u>(334,473)</u>	<u>-</u>
Total support and revenue	<u>2,591,167</u>	<u>298,613</u>	<u>2,889,780</u>
Expenses:			
Missions	2,927,159	-	2,927,159
Administration	177,087	-	177,087
Fundraising	<u>29,316</u>	<u>-</u>	<u>29,316</u>
Total expenses	<u>3,133,562</u>	<u>-</u>	<u>3,133,562</u>
Change in net assets	(542,395)	298,613	(243,782)
Net Assets, October 1, 2022	<u>2,780,953</u>	<u>194,704</u>	<u>2,975,657</u>
Net Assets, September 30, 2023	<u><u>\$ 2,238,558</u></u>	<u><u>\$ 493,317</u></u>	<u><u>\$ 2,731,875</u></u>

The accompanying notes are an integral part of these statements.

**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN
Statement of Cash Flows (Note 5)
For the year ended September 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (243,782)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	22,832
Decrease in prepaid expenses	2,240
Decrease in other investments	2,629
Decrease in accounts payable	(1,000)
Decrease in accrued expenses	<u>(28,229)</u>
NET CASH FROM OPERATING ACTIVITIES	(245,310)

CASH FLOWS FROM INVESTING ACTIVITIES

Net proceeds from investments	<u>160,725</u>
Net cash from operating activities	(84,585)
CASH AND CASH EQUIVALENTS - OCTOBER 1, 2022	<u>172,915</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2023	<u><u>\$ 88,330</u></u>

The accompanying notes are an integral part of these statements.

**FOUNDATION FOR HIS MINISTRY
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Statement of Functional Expenses
For the year ended September 30, 2023**

	<u>Missions</u>	<u>Administation and FundRaising</u>	<u>Total</u>
Bank charges		\$ 24,153	\$ 24,153
Building and property	\$ 11,556	2,889	14,445
Computer expenses	11,911	2,978	14,889
Depreciation	22,832	-	22,832
Dues and subscriptions	-	6,892	6,892
Education and training	1,267	-	1,267
Insurance	51,705	989	52,694
Mission support and personnel	2,579,081	-	2,579,081
Office expenses	-	3,595	3,595
Printing and postage - fund raising	-	29,316	29,316
Printing and postage	6,734	-	6,734
Professional fees	-	38,676	38,676
Salaries and related costs	215,899	82,937	298,836
Telephone	-	4,497	4,497
Travel	16,221	9,086	25,307
Truck and vehicle expense	8,375	-	8,375
Utilities	1,578	395	1,973
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 2,927,159</u>	<u>\$ 206,403</u>	<u>\$ 3,133,562</u>

The accompanying notes are an integral part of these statements.

**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN**

Notes to Financial Statements

For the Year Ended September 30, 2023

NOTE 1 - Nature of Organization

Non-profit activity

Foundation For His Ministry (FFHM) is a non-profit California corporation founded in 1967 whose purpose is to glorify God by making disciples of Jesus Christ. To this end, God's love is demonstrated by meeting basic spiritual, emotional, physical, and educational needs of orphans and the destitute in Mexico. FFHM is governed by a volunteer Board of Directors comprised of individuals from various business and professional backgrounds. The organization is funded primarily by individual donors from across the United States and Canada.

Income taxes and exempt status

The organization is exempt from federal income tax under Section 501(c)(3) and 170(b)(1)(A)(vi) of the Internal Revenue Code as a church. The organization is also exempt from state franchise or income tax under Section 23701d as a religious organization. Accordingly, the accompanying financial statements of the organization do not reflect any liability for income taxes. Contributions to FFHM are tax deductible within the limits of prescribed law.

NOTE 2 - Summary of significant accounting policies

The financial statements of FFHM have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

FFHM is required to report information regarding its financial position and activities according to those assets without any designations or restrictions, and those with designations or restrictions. See Note 9 for information regarding assets with donor restrictions as of September 30, 2023.

FOUNDATION FOR HIS MINISTRY

DBA HOMELESS CHILDREN

Notes to Financial Statements

For the Year Ended September 30, 2023

NOTE 2 - Summary of significant accounting policies (continued)

Cash and Cash Equivalents

For the purposes of these statements, FFHM considers all short-term investments with original maturities of one year or less to be cash equivalents.

Support, Revenue and Expenses

Contribution income is recorded when cash is received or when ownership of donated assets is transferred. Bequests are recorded as income at the time the organization has an established right to the bequest and the proceeds are measurable. FFHM policy is that bequests are measurable when actual proceeds are received. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services

Donated services are recorded at fair value at the date of contribution only if the services (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended September 30, 2023, there were no services meeting the requirements for recognition in the financial statements. However, a substantial number of volunteers have donated significant amounts of their time in FFHM program services and its fundraising efforts which have not been included in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN**

Notes to Financial Statements

For the Year Ended September 30, 2023

NOTE 2 - Summary of significant accounting policies (continued)

Property, Equipment and Depreciation

Expenditures for property and equipment are capitalized at cost. Donated assets to be used in the ministry are capitalized at their fair market value on the date of the gift. Depreciation of all property and equipment is computed using the straight-line method over the estimated useful lives of the assets. Trucks are depreciated over five years and the buildings between 30 and 40 years.

Allocation of Expenses

The costs of providing the various programs and supporting activities of the organization have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the program and supporting activities. Programs in Mexico are further defined below:

Baja Mission – Mission work in the San Quintin Valley of the Baja Peninsula includes the following ministries:

- **Hogar Para Ninos (Home for Children)** – 60 children aged newborn through 18 are cared for in a loving, Christian environment.
- **Oasis School** – Our school on the FFHM grounds provides an excellent education for 80 students preschool through middle school.
- **Rancho de Cristo (Men’s Rehabilitation Center)** – A year-long drug and alcohol rehabilitation center for men focusing on Bible study and learning skills to provide future employment when they are no longer a part of the program.
- **Daycare Center** – The daycare provides care for 60 children from the community whose parents work in the agricultural fields.
- **Rafa’s House (Next Step House)** – This home provides room and board, ongoing discipleship, and support for up to 10 men leaving rehabilitation centers, prison, or recently deported.

Tijuana Ministry

- **Girls’ home** – 15 teenage girls (with a capacity for 20) are cared for in a loving, Christian environment.
- **Transitional Apartments** – 13 young adults live in apartments while studying in the university or working in jobs to provide support while transitioning into independence as adults.

**FOUNDATION FOR HIS MINISTRY
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Notes to Financial Statements

For the Year Ended September 30, 2023

NOTE 2 - Summary of significant accounting policies (continued)

Oaxaca Mission

- **Hogar Para Ninos (Home for Children)** – 50 children ages newborn through university (with a capacity for 60) are cared for in a loving, Christian environment.
- **Oasis School** - Our school on the FFHM grounds provides an excellent education for 40 students preschool through 6th grade.
- **Local outreach** – Men in rehabilitation programs and prisons are visited weekly.
- **Mountain outreach** – Six missionaries living in remote areas of the mountains are supported in their evangelism and church planting work.
- **Pastors' Conferences** – Two conferences a year are held for pastors and church workers in the mountains of Oaxaca, with over 400 in attendance.

Sinaloa Ministry – The mission base is used primarily for adult and child evangelism in the surrounding neighborhood and agricultural migrant camps around Culiacan.

NOTE 3 - Liquidity and Availability of Resources

As explained in Note 9, FFHM has received some donations that require they be used in a specific manner or for a specific purpose. FFHM must maintain sufficient resources to meet those donor commitments. As a result, FFHM has \$493,317 of investments that are included in net assets with donor restrictions that must be held to meet these donor commitments. These funds are not available for general expenditures in future periods.

FFHM has the following unrestricted financial assets available to meet cash needs for general expenditures, liabilities, and other obligations during the next fiscal year:

Cash and cash equivalents	\$ 88,330
Investments	<u>887,715</u>
Net unrestricted financial assets	<u>\$ 976,045</u>

FFHM's liquidity management includes a policy to structure its financial assets to be available for general expenditures as they come due.

**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN**

Notes to Financial Statements

For the Year Ended September 30, 2023

NOTE 4 - Property and Equipment

Property and equipment consist of the following:

	<u>September 30, 2023</u>
Land	\$ 590,000
Building and improvements	610,807
Vehicles	<u>53,441</u>
Sub-total	1,254,248
Less accumulated depreciation	<u>209,634</u>
Net property and equipment	<u>\$ 1,044,614</u>

NOTE 5 - Statement of Cash Flows

There was no interest paid for the year ended September 30, 2023.

NOTE 6 – Subsequent Events

In preparing financial statements, the organization has evaluated events and transactions for potential recognition or disclosure thru February 13, 2024, the date the financial statements were available to be issued.

NOTE 7 – Investments

Investments are carried at fair value and are intended to provide income for the FFHM's programs and building fund. The fair value of investments has been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

As of September 30, 2023, investments of Level I assets with the following market values:

Equities	\$ 698,888
Fixed income/preferred	<u>682,144</u>
Total investments	<u>\$ 1,381,032</u>

**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN**

Notes to Financial Statements

For the Year Ended September 30, 2023

NOTE 8 - Fair Value Measurement

The FASB Fair Value Measurement standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. FFHM has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis.

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e., an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical assets. Cash, checking, savings accounts and certificates of deposit are composed of funds invested in savings accounts and certificates of deposit at various institutions. Funds invested in checking, savings accounts and certificates of deposit are valued based on the value of the deposited funds and net investment earnings less withdrawal and late fees. As of September 30, 2023, all investments would be classified as Level I assets.

Money market accounts consist primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations, and other securities. Money market accounts seek to maintain a stable net asset value (NAV) of \$1.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while FFHM believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

FFHM recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year ended September 30, 2023.

NOTE 9 – Restricted Funds

FFHM has received several donations restricting the use to various projects related to the continuum of support services for orphaned children. As of September 30, 2023, the total of these unused donor restricted funds was \$493,317.