



**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN**

INDEPENDENT CERTIFIED AUDITOR'S REPORT

September 30, 2022

**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN**

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1022 E. DEEVIEW DRIVE
COVINA, CALIFORNIA 91724

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Foundation For His Ministry:

I have audited the accompanying financial statements of Foundation For His Ministry (a California nonprofit corporation), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and cash flows and schedule of functional expenses 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

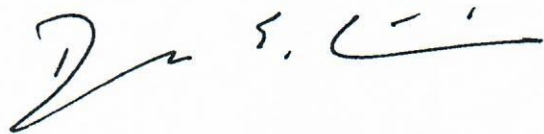
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation For His Ministry as of September 30, 2022, and the changes in its net assets and its cash flows and schedule of functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Covina, California

April 12, 2023

FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN
Statement of Financial Position
September 30, 2022

ASSETS

Cash and cash equivalents (Note 2 and 3)	\$ 172,915
Prepaid expenses	10,000
Marketable securities (Notes 7 and 8)	1,347,053
Marketable securities with donor restrictions (Notes 7, 8 and 9)	194,704
Net property and equipment (Notes 2 and 4)	1,067,446
Other investments	<u>249,022</u>
 TOTAL ASSETS	 <u><u>\$ 3,041,140</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 2,000
Accrued expenses	<u>63,483</u>
 Total Liabilities	 <u>65,483</u>

Net Assets

Net assets without donor restrictions	2,780,953
Net assets with donor restrictions (Note 9)	<u>194,704</u>
 Total net assets	 <u>2,975,657</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 3,041,140</u></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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds</u>
Public Support and Revenue			
Public Support:			
Contributions	\$ 2,279,992	\$ 584,760	\$ 2,864,752
Revenue:			
Book sales and other revenue	<u>49,433</u>	<u>-</u>	<u>49,433</u>
Total support and revenue before releases	<u>2,329,425</u>	<u>584,760</u>	<u>2,914,185</u>
Net assets released from restrictions	<u>634,601</u>	<u>(634,601)</u>	<u>-</u>
Total support and revenue	<u>2,964,026</u>	<u>(49,841)</u>	<u>2,914,185</u>
Expenses:			
Missions	2,942,813	-	2,942,813
Administration	149,821	-	149,821
Fund raising	3,299	-	3,299
Loss on investments, net	<u>186,441</u>	<u>-</u>	<u>186,441</u>
Total expenses	<u>3,282,374</u>	<u>-</u>	<u>3,282,374</u>
Surplus (Deficit)	(318,348)	(49,841)	(368,189)
Net Assets, October 1, 2021	<u>3,099,301</u>	<u>244,545</u>	<u>3,343,846</u>
Net Assets, September 30, 2022	<u><u>\$ 2,780,953</u></u>	<u><u>\$ 194,704</u></u>	<u><u>\$ 2,975,657</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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Excess expenses over support and revenue	\$ (368,189)
Adjustments to reconcile excess of support and revenue over expenses to cash flow from operating activities:	
Increase in prepaid expenses	(1,900)
Increase in other investments	(29,921)
Decrease in accounts payable	(2,605)
Increase in accrued expenses	43,883
Depreciation	<u>24,573</u>
NET CASH FROM OPERATING ACTIVITIES	(334,159)

CASH FLOWS FROM INVESTING ACTIVITIES

Decrease in marketable securities, net	84,304
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CASH FLOWS FROM FINANCING ACTIVITIES

None	<u>-</u>
Decrease in cash	(249,855)
CASH AND CASH EQUIVALENTS - OCTOBER 1, 2021	<u>422,770</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2022	<u><u>\$ 172,915</u></u>

The accompanying notes are an integral part of these statements.

FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN
Schedule of Functional Expenses
For the year ended September 30, 2022

	Missions	Administation and Fund Raising	Total
Bank charges		\$ 21,235	\$ 21,235
Building and property	\$ 6,220	1,555	7,775
Computer expenses	12,965	3,241	16,206
Depreciation	24,573	-	24,573
Dues and subscriptions	-	5,857	5,857
Education and training	3,295	-	3,295
Insurance	49,542	1,114	50,656
Mission support and personnel	2,520,332	-	2,520,332
Office and administration	-	5,201	5,201
Printing and postage - fund raising	-	3,299	3,299
Printing and postage	33,494	-	33,494
Professional fees	-	31,800	31,800
Salaries and related costs	245,790	63,840	309,630
Telephone	-	4,693	4,693
Travel	20,207	10,607	30,814
Truck and vehicle expense	23,685	-	23,685
Utilities	2,710	678	3,388
Totals	<u>\$ 2,942,813</u>	<u>\$ 153,120</u>	<u>\$ 3,095,933</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, 2022

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, 2022.

FOUNDATION FOR HIS MINISTRY**DBA HOMELESS CHILDREN**

Notes to Financial Statements

For the Year Ended September 30, 2022

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, 2022, 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.

Reclassification

Certain amounts reported in the September 30, 2021 financial statements, have been reclassified to conform to the September 30, 2022 presentation.

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, 2022

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)** – 80 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 110 students preschool through high school.
- **Bible Institute** – 19 students are enrolled in a three-year Bible study program, leadership training, and pastoral and evangelistic service preparation. Many will return to their homes of origin in other parts of Mexico to help their communities.
- **Outreach Ministry** – Hundreds experiencing poverty in the community receive food, clothing, and the Gospel through weekly outreach into their communities and the soup kitchen and outreach window at the mission.
- **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 100 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.

FOUNDATION FOR HIS MINISTRY

DBA HOMELESS CHILDREN

Notes to Financial Statements

For the Year Ended September 30, 2022

NOTE 2 - Summary of significant accounting policies (continued)

Tijuana Ministry

- **Girls' home** – 15 teenage girls (with a capacity for 20) are cared for in a loving, Christian environment.
- **Transitional Apartments** – 8 young adults live in apartments while studying in the university or working in jobs to provide support while transitioning into independence as adults.

Oaxaca Mission

- **Hogar Para Ninos (Home for Children)** – 45 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 30 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 200 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 \$194,704 of marketable securities 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	\$ 172,915
Marketable securities	<u>1,347,053</u>
Net unrestricted financial assets	<u>\$ 1,519,968</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, 2022

NOTE 4 - Property and Equipment

Property and equipment consist of the following:

	<u>September 30, 2022</u>
Land	\$ 590,000
Building and improvements	610,807
Vehicles	<u>83,095</u>
Sub-total	1,283,902
Less accumulated depreciation	<u>216,456</u>
Net property and equipment	<u>\$ 1,067,446</u>

Depreciation expense for the year ended September 30, 2022 was \$24,573.

NOTE 5 - Statement of Cash Flows

There was no interest expense for the year ended September 30, 2022 and there was no accrued interest as of September 30, 2022.

NOTE 6 – Subsequent Events

In preparing financial statements, the organization has evaluated events and transactions for potential recognition or disclosure thru May 31, 2023.

**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN**

Notes to Financial Statements

For the Year Ended September 30, 2022

NOTE 7 – Marketable Securities

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

As of September 30, 2022, marketable securities consisted of Level I assets with the following market values:

Equities	\$ 778,782
Fixed income/preferred	<u>762,975</u>
Total marketable securities	<u>\$ 1,541,757</u>

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, 2022, all marketable securities 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.

**FOUNDATION FOR HIS MINISTRY
DBA HOMELESS CHILDREN**

Notes to Financial Statements

For the Year Ended September 30, 2022

NOTE 8 - Fair Value Measurement (continued)

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, 2022.

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, 2022, the total of these unused donor restricted funds was \$194,704.