

**MANNA Worldwide, Inc.**  
Fort Worth, Texas

Consolidated Financial Statements Together With  
Independent Auditor's Report

December 31, 2020 and 2019



RATLIFF + ASSOCIATES, P.C.  
**CERTIFIED PUBLIC ACCOUNTANTS**

**MANNA Worldwide, Inc.**  
Consolidated Financial Statements  
December 31, 2020 and 2019

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## **Independent Auditor's Report**

To the Board of Directors,  
MANNA Worldwide, Inc.  
Fort Worth, Texas

### **Opinion**

We have audited the accompanying financial statements of MANNA Worldwide, Inc. ("the Organization"), a Texas nonprofit organization, which comprise the statements of financial position as of December 31, 2020 and 2019, 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 December 31, 2020 and 2019, 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 our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **New Accounting Standard for Leases**

As discussed in the notes to the financial statements, the Organization adopted the new accounting standard ASC 2016-02, Leases (Topic 842). This new standard requires the Organization (the lessee) to recognize lease right-of-use ("ROU") assets and corresponding lease liabilities for operating leases on the statement of position. Operating lease costs are included and allocated with operating expenses on the statements of activities and functional expenses. The change in standard was applied retrospectively resulting in an ROU asset and offsetting lease liability of \$170,999 and \$256,211, respectively, for the years ended December 31, 2020 and 2019. Net assets and changes in net assets are unchanged due to the change in accounting standard. Our opinion is not modified with respect to this matter.

### **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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Independent Auditor's Report (continued)

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

*Ratzliff & Associates, P.C.*

October 6, 2021

**MANNA Worldwide, Inc.**  
Consolidated Statements of Financial Position  
December 31, 2020 and 2019

	2020	2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 686,282	\$ 1,095,560
Prepaid expenses	43,949	69,665
Receivables	12,581	15,260
Inventory	11,033	20,252
Total current assets	753,845	1,200,737
Noncurrent assets		
Property and equipment		
Land	360,764	360,764
Buildings and improvements	432,860	432,860
Furniture and equipment	29,599	29,599
Vehicles	17,000	17,000
Construction in progress	1,489,931	731,919
Less: accumulated depreciation	(196,957)	(178,968)
Net property and equipment	2,133,197	1,393,174
Long-term investments	1,309,878	1,271,726
Operating lease right-of-use, net	170,999	256,211
Goodwill, net	10,206	11,981
Total noncurrent assets	3,624,280	2,933,092
Total Assets	\$ 4,378,125	\$ 4,133,829
<b>Liabilities &amp; net assets</b>		
Liabilities		
Current liabilities		
Current portion of operating lease liabilities	\$ 55,323	\$ 85,212
Accounts payable	1,571	44,065
Accrued expenses	14,196	8,760
Total current liabilities	71,090	138,037
Noncurrent liabilities		
Noncurrent portion of operating lease liabilities	115,676	170,999
Total liabilities	186,766	309,036
Net assets		
Without donor restrictions	4,191,359	3,824,793
Total Liabilities & Net Assets	\$ 4,378,125	\$ 4,133,829

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

**MANNA Worldwide, Inc.**  
 Consolidated Statements of Activities  
 For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>Changes in net assets without donor restrictions</b>		
Revenues		
Revenues without donor restrictions		
Contributions	\$ 4,491,011	\$ 5,934,070
Special gifts	446,530	739,228
Interest income	39,569	41,853
Mango Tree coffee sales	151,587	181,994
Engage camps and other income	317,383	562,134
Total revenues without donor restrictions	5,446,080	7,459,279
Expenses		
Programs		
Resource centers	3,083,420	4,793,467
Special projects	690,193	228,279
Mango Tree Coffee	192,954	188,442
Volunteer ministry trips	535,574	1,527,482
Total program expenses	4,502,141	6,737,670
Support services		
General and administrative	577,373	623,613
Total expenses	5,079,514	7,361,283
<b>Change in net assets without donor restrictions</b>	366,566	97,996
<b>Net assets at beginning of year</b>	3,824,793	3,726,797
<b>Net assets at end of year</b>	\$ 4,191,359	\$ 3,824,793

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

**MANNA Worldwide, Inc.**  
Statement of Functional Expenses  
For the Year Ended December 31, 2020

	Programs				Support services		Total expenses	
	Resource centers	Special projects	Mango Tree Coffee	Volunteer ministry trips	Programs subtotal	General and administrative		Support services subtotal
Salaries and wages	\$ 1,197,499	\$ 190,314	\$ 37,484	\$ 276,223	\$ 1,701,520	\$ 423,451	\$ 423,451	\$ 2,124,971
Employee benefits	4,001	3,000	-	3,000	10,001	10,002	10,002	20,003
Payroll taxes	-	-	-	-	-	31,057	31,057	31,057
Donations to others	1,836,461	372,300	-	-	2,208,761	3,127	3,127	2,211,888
Volunteer meals and travel	-	-	-	228,113	228,113	-	-	228,113
Other meals and travel	10,703	15,149	8,852	2,581	37,285	4,492	4,492	41,777
Supplies and resources	-	45,644	-	-	45,644	14,298	14,298	59,942
Media and technology	19,652	19,652	2,654	25,657	67,615	9,006	9,006	76,621
Risk management	-	-	2,869	-	2,869	1,362	1,362	4,231
Fees for services	15,104	12,145	5,849	-	33,098	-	-	33,098
Facilities	-	31,734	20,814	-	52,548	66,139	66,139	118,687
Depreciation	-	-	3,550	-	3,550	14,439	14,439	17,989
Amortization	-	-	1,775	-	1,775	-	-	1,775
Cost of goods sold	-	255	109,107	-	109,362	-	-	109,362
<b>Total expenses</b>	<b>\$ 3,083,420</b>	<b>\$ 690,193</b>	<b>\$ 192,954</b>	<b>\$ 535,574</b>	<b>\$ 4,502,141</b>	<b>\$ 577,373</b>	<b>\$ 577,373</b>	<b>\$ 5,079,514</b>

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

**MANNA Worldwide, Inc.**  
Statement of Functional Expenses  
For the Year Ended December 31, 2019

	Programs					Support services		Total expenses
	Resource centers	Special projects	Mango Tree Coffee	Volunteer ministry trips	Programs subtotal	General and administrative	Support services subtotal	
Salaries and wages	\$ 1,130,086	\$ 183,498	\$ 38,466	\$ 255,063	\$ 1,607,113	\$ 405,148	\$ 405,148	\$ 2,012,261
Employee benefits	4,401	3,301	-	3,301	11,003	11,002	11,002	22,005
Payroll taxes	-	-	-	-	-	28,802	28,802	28,802
Donations to others	3,614,580	-	-	-	3,614,580	-	-	3,614,580
Volunteer meals and travel	-	-	-	1,232,988	1,232,988	-	-	1,232,988
Other meals and travel	10,846	11,231	8,083	2,394	32,554	6,967	6,967	39,521
Supplies and resources	-	-	2,141	-	2,141	78,493	78,493	80,634
Media and technology	17,406	17,406	4,501	24,369	63,682	10,444	10,444	74,126
Risk management	-	-	3,431	-	3,431	23,092	23,092	26,523
Fees for services	16,148	12,843	7,917	9,367	46,275	-	-	46,275
Facilities	-	-	26,639	-	26,639	47,344	47,344	73,983
Depreciation	-	-	5,668	-	5,668	12,321	12,321	17,989
Amortization	-	-	1,775	-	1,775	-	-	1,775
Cost of goods sold	-	-	89,821	-	89,821	-	-	89,821
<b>Total expenses</b>	<b>\$ 4,793,467</b>	<b>\$ 228,279</b>	<b>\$ 188,442</b>	<b>\$ 1,527,482</b>	<b>\$ 6,737,670</b>	<b>623,613</b>	<b>623,613</b>	<b>\$ 7,361,283</b>

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



**MANNA Worldwide, Inc.**  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>Cash flows from operating activities</b>		
Cash received from contributions	\$ 4,937,541	\$ 6,671,903
Cash received from Mango Tree coffee sales	154,266	174,972
Engage camps and other receipts	317,383	562,134
Interest income	1,417	4,482
Cash paid for programs and support services	(5,061,873)	(7,265,070)
Net cash provided (used) by operating activities	348,734	148,421
<b>Cash flows from investing activities</b>		
Purchases of construction in progress	(758,012)	(528,325)
Net cash provided (used) by investing activities	(758,012)	(528,325)
<b>Net increase (decrease) in cash and cash equivalents</b>	(409,278)	(379,904)
<b>Cash and cash equivalents at beginning of year</b>	1,095,560	1,475,464
<b>Cash and cash equivalents at end of year</b>	\$ 686,282	\$ 1,095,560
 <b>Reconciliation of change in total net assets to net cash provided (used) by operating activities</b>		
Change in total net assets	\$ 366,566	\$ 97,996
Adjustments		
Depreciation expense	17,989	17,989
Amortization expense	1,775	1,775
Unrealized net (gain) loss on investments	(38,152)	(37,371)
Change in prepaid expenses	25,716	17,462
Change in receivables	2,679	(7,022)
Change in inventory	9,219	7,235
Change in accounts payable and accrued expenses	(37,058)	50,357
Total adjustments	(17,832)	50,425
Net cash provided (used) by operating activities	\$ 348,734	\$ 148,421

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

**MANNA Worldwide, Inc.**  
Note Disclosures to the Consolidated Financial Statements  
December 31, 2020 and 2019

**Note 1, Nature of the Organization**

MANNA Worldwide, Inc. (the “Organization”) is incorporated in the state of Texas as a nonprofit religious organization. The Organization has a passion for helping needy children located around the world with the objective of developing communities toward a more complete way of life. The Organization is committed to addressing nutritional, educational, and spiritual needs of children and their families. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a Private foundation. The Organization also operates Mango Tree Coffee, LLC, a Colorado for-profit limited liability company. Net proceeds from the sale of coffee beans will benefit the Organization. All material intercompany transactions have been eliminated.

**Note 2, Summary of Significant Accounting Policies**

The following is a summary of the Organization’s significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The consolidated 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.

Revenue recognition: Revenues of the Organization are primarily derived from contributions from the Organization’s supporters. A portion of the Organization’s revenues is tied to the local economy. All contributions are considered available for the Organization’s general programs unless specifically restricted by the donor.

Amounts received that are donor restricted by time or purpose are reported as increases in net asset 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 restriction. However, contributions received with restrictions that are met in the same reporting period are reported as increases in net assets without restrictions.

Investment income that is limited to specific uses by donor restrictions is also reported as increases in net assets without restrictions if the restrictions are met in the same reporting period as the income is recognized.

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. Current assets, excluding prepaids (as applicable), represent financial assets available for general expenditure within one year of the statement date. Disclosures are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

**MANNA Worldwide, Inc.**Note Disclosures to the Consolidated Financial Statements  
December 31, 2020 and 2019**Note 2, Summary of Significant Accounting Policies (continued)**

Net assets without donor restrictions: The Organization further 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.

Net assets with donor restriction: The Organization further 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. At December 31, 2020 and 2019, there are 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. At December 31, 2020 and 2019, there are no permanently restricted net assets.

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

- Resource centers: Identifying full-time project partners in the region and assisting in opening orphanages, nutrition centers, and elderly care facilities for impoverished communities. Once projects are identified, donors are matched with specific projects and invited to visit and become involved in communication and added support. The projects begin with no end-date in mind and are meant to facilitate development in communities toward a more complete way of life.
- Special projects: Projects funded by special gifts designated for new projects or other specific purposes not otherwise included in the other categories.
- Mango Tree coffee: Sells coffee and related supplies to allow for additional revenue for the Organization.
- Volunteer ministry trips: Sponsoring trips for individuals to show the physical needs of children. Providing opportunities for people to see needs and become involved in changing lives.
- General and administrative: Providing administrative support to the above functional areas.

**MANNA Worldwide, Inc.**  
Note Disclosures to the Consolidated Financial Statements  
December 31, 2020 and 2019

**Note 2, Summary of Significant Accounting Policies (continued)**

Estimates: The preparation of consolidated 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. 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.

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 bases 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.

Donated services: No amounts have been reflected in the consolidated financial statements for donated services. The Organization pays for most services requiring specific expertise. A large number of people have contributed significant amounts of time to the activities of the Organization without compensation. The consolidated financial statements do not reflect the value of those contributed services.

Donated assets: Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair market values at the date of the donation.

Compensated absences: Employees of the Organization, administrative and ministerial, are entitled to paid vacation depending on the length of service and other factors. The Organization cannot reasonably estimate the amount of compensation for future absences, and accordingly no liability has been recorded in the accompanying consolidated financial statements. The Organization's policy is to recognize the cost of compensated absences when paid to employees.

Cash and cash equivalents: The consolidated statement of cash flows is prepared using the direct method, which we believe to be the preferred presentation for users of our consolidated financial statements. For purposes of the consolidated 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.

Inventory: The Organization's inventory consists of books, which are stated at the lower of cost or market using the first-in, first out method of accounting. Mango Tree Coffee's inventory consists of coffee beans and related supplies, which are stated at the lower of cost or market, using the moving, weighted-average method of accounting. There was no reserve for obsolete inventories at December 31, 2020 and 2019.

**MANNA Worldwide, Inc.**  
 Note Disclosures to the Consolidated Financial Statements  
 December 31, 2020 and 2019

**Note 2, Summary of Significant Accounting Policies (continued)**

Fair value measurement: Financial instruments include investments. 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.

Property and equipment: Property and equipment are recorded at acquisition cost. The Organization capitalizes assets with a cost greater than \$5,000. Betterments and renewals are capitalized. Maintenance and repairs are charged to operations and expensed when incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 - 40 years
Vehicles	5 years
Furniture and equipment	3 years

The Organization also acquires foreign property from time to time to use in its operations. In certain foreign countries, the Organization is not allowed to hold the title or control the property. Accordingly, any proceeds from subsequent property sales are often not allowed to be expatriated. In these certain cases, amounts paid to acquire these properties are expensed when paid.

Income taxes: MANNA Worldwide, Inc. is nonprofit corporation that is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as other than a private foundation. Mango Tree Coffee, LLC is considered a disregarded entity by the Internal Revenue Service; accordingly, it is viewed as a division of MANNA Worldwide, Inc. for income tax purposes.

The Organization follows the income taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of any uncertain tax positions taken or expected to be taken in income tax returns. The Organization is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income for the years ended, December 31, 2020 and 2019. As of December 2020 and 2019, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements and does not expect this to change within the next twelve months. Tax returns of the Organization for the years 2018, 2019 and 2020 are open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Going concern considerations: The Organization analyzes the effect that current and future events, both internal and external, may have on operations so that the Organization may continue as a going concern (i.e., a viable organization). As of the date of this report, management has not identified a significant matter that, in its judgement, could materially threaten the ongoing operations of the Organization for at least one year from the date of the report on page two. However, if conditions change during the following year, the Organization may reschedule or reformat certain events and activities or adjust the general operational budget, as needed. See also the Liquidity disclosure for additional cash management strategies.

**MANNA Worldwide, Inc.**  
 Note Disclosures to the Consolidated Financial Statements  
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**Note 3, Retirement Plan**

The Organization maintains a 403(b) retirement program for the benefit of its employees, whereby employees make elective contributions to the plan. Each year the Organization may, at its sole discretion, contribute to the retirement program. For the years ended, December 31, 2020 and 2019, the Organization contributed \$22,004 each respective year, on behalf of the employees.

**Note 4, Inventory**

Inventory at December 31, consisted of the following:

	2020	2019
Raw materials	\$ 7,776	\$ 16,125
Finished goods	3,257	4,127
Total	\$ 11,033	\$ 20,252

**Note 5, Construction in Progress and Future Commitments**

In 2018 the Organization began constructing their new office building, which is still in progress through the date of this report. The project is completely financed through unrestricted donations, and the Organization incurred construction in progress expenses totaling \$592,530 and \$322,723 for the years ended, December 31, 2020 and 2019, respectively. The Organization has incurred a total of approximately \$1,118,000 in related construction expenses and estimates an additional \$1,280,000 in construction costs are necessary to complete the project, which has an anticipated completion date of June 2022. There are no contractual financial commitments related at December 31, 2020.

In 2019 the Organization began its coffee shop buildout for Mango Tree Coffee. The Organization incurred construction in progress expenses totaling \$165,482 and 205,602 for the years ended December 31, 2020 and 2019, respectively. The Organization incurred an approximate additional \$40,000 in related construction expenses in 2021, and in July 2021 the construction was completed. The buildout was completely financed through unrestricted donations, and the Organization opened its doors for business in August 2021. There are no contractual financial commitments related at December 31, 2020.

**Note 6, Goodwill**

In October 2016, the Organization entered into an asset purchase agreement that resulted in goodwill of \$17,750. In accordance with FASB ASC 350, the Organization elected to amortize the goodwill on a straight-line basis over 10 years. Accordingly, amortization expense for each of the years ended, December 31, 2020 and 2019 was \$1,775.

**MANNA Worldwide, Inc.**  
 Note Disclosures to the Consolidated Financial Statements  
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**Note 7, Long-Term Investments**

The Organization is the owner and beneficiary of a flexible premium deferred fixed annuity contract, with an initial premium amount of \$900,000. The annuity earns interest at the insurance company's declared rate, but not less than the minimum guaranteed interest rate of 3.0%. The annuity contract matures either upon the death of the annuitant, or September 8, 2044, whichever occurs sooner.

The annuity is considered a Level III investment, as its transactions are not observable in the marketplace. The Organization has provided no reserves against the contract value for credit risk of the credit issuer, as the contract value has historically provided a good approximation of fair value.

The following table sets forth a summary of changes in fair value of the Organization's annuity for the years ended, December 31, 2020 and 2019, respectively:

Beginning balance at January 1, 2019	\$ 1,234,355
Interest income	<u>37,371</u>
Balance at December 31, 2019	1,271,726
Interest income	<u>38,152</u>
Balance at December 31, 2020	<u><u>\$ 1,309,878</u></u>

**Note 8, Paycheck Protection Program Grant Revenue**

In April 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$293,400. This two-year term loan carried an interest rate of 1% and was administered by the U.S. Small Business Administration. The PPP loan advance can be forgiven in its entirety when utilized on qualifying expenses (payroll, mortgage interest, etc.). In November 2020, the Organization received full loan forgiveness after presenting their qualifying expenses totaling \$293,400, and therefore, at December 31, 2020, the Organization has the PPP grant revenue recognized with other income on the statement of activities.

**Note 9, Reclassifications**

Certain reclassifications have been made to the 2019 financial statement presentations of the statement of financial position to correspond to the current year's format. Net assets and changes in net assets are unchanged due to the reclassifications.

**MANNA Worldwide, Inc.**  
 Note Disclosures to the Consolidated Financial Statements  
 December 31, 2020 and 2019

**Note 10, Lease Activities**

The Organization is under a contractual lease for building space to run the Mango Tree Coffee shop under a non-cancelable operating lease that expires in December 2023. In 2020, the Organization adopted the new accounting standard ASC 2016-02, Leases (Topic 842). This new standard requires the Organization (the lessee) to recognize lease right-of-use (“ROU”) assets and corresponding lease liabilities for operating leases on the statement of position. Operating lease costs are included and allocated with expense on the statements of activities and functional expenses. The ROU asset is measured based upon the minimum future payments remaining on the leases, which totaled \$170,999 and \$256,211, respectively, at December 31, 2020 and 2019.

The operating lease liability is carried at the same value as the ROU asset, and each subsequent year, the ROU asset and lease liability are reduced equally by the annual lease payments. A discount rate was not used since it was determined not to materially impact these calculations. For the years ended December 31, 2020 and 2019, operating lease expense was approximately \$85,212 and \$63,000, respectively.

Following are the approximate undiscounted minimum operating lease payments remaining at December 31, 2020, for each of the next three years:

2021	\$ 55,323
2022	56,983
2023	<u>58,693</u>
 Total	 <u>\$ 170,999</u>

**Note 11, Net Assets**

The details of the Organization’s net assets by categories at December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions		
General unrestricted	<u>\$ 4,095,412</u>	<u>\$ 3,725,806</u>
Internally designated		
Director and missionary reserves	95,947	95,947
Other	-	3,040
Subtotal	<u>95,947</u>	<u>98,987</u>
 Total net assets without donor restrictions	 <u>\$ 4,191,359</u>	 <u>\$ 3,824,793</u>



**MANNA Worldwide, Inc.**  
 Note Disclosures to the Consolidated Financial Statements  
 December 31, 2020 and 2019

**Note 12, 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 donor-restricted, board-designated and/or contractually-obligated cash and investments, inventory and prepaid expenses, 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. The significant qualities of this strategy are as follows:

- The Organization maintains general reserves in its unrestricted general net assets which consists of prior years' net excess revenues (net operating surplus).
- The Organization invests cash in excess of daily requirements in short-term investments such as interest-bearing savings accounts or money market funds.
- The Organization is highly dependent on recurring contributions from its members and other donors which have remained relatively consistent year-to-year.
- If liquidity becomes an ongoing concern, the Organization may decrease its budget to reduce expenses.

The Organization's financial assets are quantified as follows at December 31:

	<u>2020</u>	<u>2019</u>
Current assets	\$ 753,845	\$ 1,200,737
Less: non-liquid assets (prepaid expenses & inventory)	(54,982)	(89,917)
Less: those unavailable within one year, due to board designation	<u>(95,947)</u>	<u>(98,987)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 602,916</u>	<u>\$ 1,011,833</u>

**Note 13, 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. In addition, see the Organization's accounting policies in Note 2 for liquidity and going concern considerations.