

IRAN ALIVE MINISTRIES

Financial Statements
(With Auditor's Report Thereon)

December 31, 2020

TABLE OF CONTENTS

Independent Auditor’s Report 1

Financial Statements:

 Statement of Financial Position..... 2

 Statement of Activities..... 3

 Statement of Functional Expenses 4

 Statement of Cash Flows 5

Notes to Financial Statements 6



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Iran Alive Ministries

We have audited the accompanying financial statements of Iran Alive Ministries (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities 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 Iran Alive Ministries 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.

A handwritten signature in black ink that reads "K. Evans & Associates". The signature is written in a cursive, flowing style.

K. Evans & Associates, CPA's
Frisco, TX
July 1, 2021

IRAN ALIVE MINISTRIES
Statement of Financial Position
December 31, 2020

ASSETS

Cash & Cash Equivalents	\$ 976,728
Contributions Receivable	34,018
Pledges Receivable	574,534
Loans Receivable	3,225
Prepaid Expenses & Other Assets	6,575
Investments	32,500
Capital Assets, Net	<u>1,279,797</u>
Total Assets	<u><u>\$ 2,907,377</u></u>

LIABILITIES & NET ASSETS

Liabilities:

Accounts Payable	\$ 56,052
Accrued Expenses	19,090
Other Liabilities	23,485
PPP Loan	88,193
Current Portion of Long-Term Debt	33,034
Long-Term Debt	<u>693,733</u>
Total Liabilities	913,587

Net Assets:

Without Donor Restrictions	1,619,256
With Donor Restrictions	<u>374,534</u>
Total Net Assets	<u>1,993,790</u>
Total Liabilities & Net Assets	<u><u>\$ 2,907,377</u></u>

The notes to the financial statements are an integral part of this statement.

IRAN ALIVE MINISTRIES
Statement of Activities
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT & REVENUE			
Contributions	\$ 1,654,558	\$ -	\$ 1,654,558
Contract Revenue	297,031	-	297,031
Grant Revenue	10,286	-	10,286
Discounts on Pledges	24,741	-	24,741
Other Revenue	1,181	-	1,181
Total Support & Revenue	<u>1,987,797</u>	<u>-</u>	<u>1,987,797</u>
RECLASSIFICATIONS			
Satisfaction of Purpose Restrictions	<u>175,259</u>	<u>(175,259)</u>	<u>-</u>
EXPENSES			
Program Services:			
TV	<u>1,401,991</u>	<u>-</u>	<u>1,401,991</u>
Total Program Expenses	<u>1,401,991</u>	<u>-</u>	<u>1,401,991</u>
Supporting Services:			
General & Administrative	166,904	-	166,904
Fund Raising	100,142	-	100,142
Total Support Expenses	<u>267,046</u>	<u>-</u>	<u>267,046</u>
Total Expenses	<u>1,669,037</u>	<u>-</u>	<u>1,669,037</u>
Change in Net Assets	494,019	(175,259)	318,760
Net Assets - Beginning of Year	907,621	-	907,621
Prior Period Adjustment	<u>217,616</u>	<u>549,793</u>	<u>767,409</u>
Net Assets - End of Year	<u>\$ 1,619,256</u>	<u>\$ 374,534</u>	<u>\$ 1,993,790</u>

The notes to the financial statements are an integral part of this statement.

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

	Program Services	General & Administrative	Fund Raising	Total
Salaries & Wages	\$ 436,885	\$ 52,010	\$ 31,206	\$ 520,101
Payroll Taxes	21,981	2,617	1,570	26,168
Employee Benefits	112,020	13,336	8,001	133,357
Advertising & Promotion	92,018	10,955	6,573	109,545
Contract Labor	186,949	22,256	13,353	222,558
Dues & Subscriptions	45,235	5,385	3,231	53,851
Equipment	20,588	2,451	1,471	24,510
Insurance	7,370	877	526	8,774
Interest	21,091	2,511	1,506	25,108
Outreach	97,033	11,552	6,931	115,515
Printing & Publications	32,187	3,832	2,299	38,318
Professional Fees	111,515	13,276	7,965	132,756
Rent	6,590	785	471	7,845
Repairs & Maintenance	50,716	6,038	3,623	60,376
Service Charges	22,887	2,725	1,635	27,247
Shipping & Postage	7,838	933	560	9,331
Supplies	7,278	866	520	8,664
Telecommunication	27,587	3,284	1,971	32,842
Travel & Entertainment	24,984	2,974	1,785	29,743
Utilities	11,301	1,345	807	13,453
Miscellaneous	3,182	379	227	3,788
Amortization	627	75	45	746
Depreciation	54,130	6,444	3,866	64,441
	<u>\$ 1,401,991</u>	<u>\$ 166,904</u>	<u>\$ 100,142</u>	<u>\$ 1,669,037</u>

The notes to the financial statements are an integral part of this statement.

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

Cash Flows from Operating Activities

Contribution & Contract Income	\$ 2,135,987
Cash Paid to Suppliers	(1,016,472)
Cash Paid to Employees	<u>(520,101)</u>
Net Cash Provided by/(Used in) Operating Activities	<u>599,414</u>

Cash Flows from Investing Activities

Payments on Loans Receivable	1,000
Investments	12,500
Purchases of Furniture & Equipment	<u>(181,022)</u>
Net Cash Provided by/(Used in) Investing Activities	<u>(167,522)</u>

Cash Flows from Financing Activities

Repayment of Debt Principal	(12,259)
PPP Loan	<u>88,193</u>
Net Cash Provided by/(Used in) Financing Activities	<u>75,934</u>

Net Change in Cash & Cash Equivalents 507,826

Cash & Cash Equivalents - Beginning of Year 468,902

Cash & Cash Equivalents - End of Year \$ 976,728

Reconciliation of Change in Net Assets to Net Cash Provided by/(Used in) Operating Activities

Change in Net Assets \$ 318,760

Adjustments to Reconcile Change in Net Assets to
Net Cash Provided by/(Used in) Operating Activities:

Depreciation	64,441
(Increase) Decrease in Contributions Receivable	(6,300)
(Increase) Decrease in Pledges Receivable	175,259
(Increase) Decrease in Other Assets	(20,769)
(Increase) Decrease in Prepaid Expenses & Other Assets	1,508
Increase (Decrease) in Accounts Payable	42,580
Increase (Decrease) in Accrued Expenses	450
Increase (Decrease) in Other Liabilities	<u>23,485</u>
Net Cash Provided by/(Used in) Operating Activities	<u>\$ 599,414</u>

The notes to the financial statements are an integral part of this statement.

IRAN ALIVE MINISTRIES
Notes to the Financial Statements
December 31, 2020

NATURE OF ORGANIZATION

Iran Alive Ministries' (IAM) mission is to transform the lives of Iranians through viral evangelism, obedience-based discipleship, and practical leadership development via satellite television, internet outreach, and the support of Church planting. IAM's primary source of support is contributions from the public. IAM also relies upon volunteers to help fill various roles within its home office located in Dallas, Texas.

IAM is incorporated under the laws of the State of Texas as a not-for-profit religious organization. IAM operates as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In order to comply with accounting principles generally accepted in the United States of America, IAM must prepare its external financial statements in accordance with statements issued by the Financial Accounting Standards Board. The Board requires reporting amounts for IAM's total assets, liabilities, and net assets in a statement of financial position; reporting the change in IAM's net assets in a statement of activities; and reporting the change in its cash and cash equivalents in a statement of cash flows.

The Board also requires classification of IAM's net assets and their revenues, expenses, gains, and losses based on the existence or absences of donor-imposed restrictions. Information about the nature and amounts of different types of donor-imposed restrictions shall be displayed in the notes to the financial statements. At December 31, 2020, IAM had only net assets without donor restrictions.

Cash & Cash Equivalents

Cash and cash equivalents consist of cash on hand, as well as checking, savings, and money market accounts.

Capital Assets

Capital assets are carried at cost, or if donated, at their estimated fair market value at the date of the donation. Depreciation is computed using the straight-line method. Capital assets with an original cost of at least \$1,000 are capitalized.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and no subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

IRAN ALIVE MINISTRIES
Notes to the Financial Statements
December 31, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

Contributions received are recorded as increases in net assets with donor restrictions, or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from restrictions.

Contributions are recognized when made, which may be when cash is received, unconditional promises are given, or ownership of other assets is transferred. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Noncash gifts are recorded as contributions at their estimated fair value on the date of the gift.

Contract and other revenue are recorded when earned. Contract revenue represents air time that is sold, as well as and dubbing service fees, and studio rentals. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Functional Allocation of Expenses

The costs of providing the various program services and supporting activities have been summarized in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting activities.

Currency Conversion

Contributions are received in U.S. Dollars as well as in Euros, Canadian Dollars, and Great Britain Pounds. IAM also maintains petty cash on site in Euros, Canadian Dollars, Great Britain Pounds, Swiss Francs, Swedish Krona, Czech Koruna, Norwegian Kroner, and Danish Krone. The exchange rate used for contributions is the daily rate provided by www.oanda.com, and the local bank exchange rate is used for payment conversions at the time the payment is made. Petty cash values are revalued once a year.

Income Tax Status

IAM is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code.

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.

Joint Activities

Joint activities are conducted that include requests for contributions as well as providing program service information. These activities include promotional mailings, conferences, and other informational activities. There were no joint costs for the year ended December 31, 2020.

IRAN ALIVE MINISTRIES
Notes to the Financial Statements
December 31, 2020

LIQUIDITY & AVAILABILITY

IAM regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, all expenditures related to ongoing program activities as well as the services undertaken to support those activities to be general expenditures.

At December 31, 2020, IAM's financial resources were earmarked as follows:

Cash & Cash Equivalents	\$ 976,728
Contributions Receivable	34,018
Pledges Receivable	200,000
Loans Receivable	3,225
Available for General Expenditures	<u>1,213,971</u>
Pledges Receivable (subject to time restriction)	374,534
Investments (non-liquid)	32,500
Total Financial Assets	<u>\$ 1,621,005</u>

IAM maintained net assets with donor-imposed restrictions (subject to time restrictions) for December 31, 2020 of \$574,534. Donor-restricted funds are not available for general expenditure.

FINANCIAL INSTRUMENTS

IMA maintains cash and cash equivalents that consist of cash on hand, as well as checking, savings, and money market accounts. Accounts are maintained at three different banks. The balances in the banks are insured by the Federal Deposit Insurance Corporation up to \$250,000, per bank. At December 31, 2020, IAM had an uninsured cash balance of \$396,847.

PLEDGES RECEIVABLE

On May 29, 2019, IAM received a pledge of \$1,000,000 to be paid in annual installments of \$200,000 from 2019 to 2023. At December 31, 2020, gross pledges receivable are \$600,000, however, pledges that will not be collected until future years have been discounted to net present value at an annual rate of 4.5%. Pledges are expected to be collected as follows:

<u>Year</u>	<u>Pledge</u>
2021	\$ 200,000
2022	200,000
2023	<u>200,000</u>
	600,000
Present Value Discount	<u>(25,466)</u>
Net Present Value	<u>\$ 574,534</u>

LOANS RECEIVABLE

Loans receivable consists of a loan made to an employee of IAM in 2011. Proceeds from the loan were used by the employee to cover initial costs related to setting up a new residence to further carry out the work of IAM. The employee discontinued working for IAM in August 2015 when IAM discontinued church planting in Iran. Management has not established an allowance for doubtful accounts as it believes the loan balance is fully collectible. Payments totaling \$1,000 were received during 2020.

IRAN ALIVE MINISTRIES
Notes to the Financial Statements
December 31, 2020

OTHER RECEIVABLES

Other receivables represent funds held with a third party, My Heart My City, in a German bank account. The funds are maintained in euros and have been converted to US dollars as of December 31, 2020.

INVESTMENTS

On January 28, 2019, IAM invested \$50,000 to assist with production on a movie project. As of December 31, 2020, IAM has received \$17,500 in distributions, and has a remaining investment balance of \$32,500.

CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2020 follows:

	Balance 12/31/19	Additions	Retirements	Balance 12/31/20
Land	\$ 163,210	\$ -	\$ -	\$ 163,210
Construction in Progress	283,646	31,000	(294,646)	20,000
Building & Improvements	625,324	334,581	-	959,905
Leasehold Improvements	82,102	-	-	82,102
Furniture & Equipment	573,310	110,087	-	683,397
Total Gross Capital Assets	1,727,592	475,668	(294,646)	1,908,614
Less: Accumulated Depreciation	(564,376)	(64,441)	-	(628,817)
Total Net Capital Assets	<u>\$ 1,163,216</u>	<u>\$ 411,227</u>	<u>\$ (294,646)</u>	<u>\$ 1,279,797</u>

Depreciation is calculated on the straight-line basis with the following estimated useful lives:

Building & Improvements	7 – 40 years
Leasehold Improvements	5 years
Furniture & Equipment	3 – 7 years

PPP LOAN

In 2020, IAM received a PPP loan in the amount of \$88,193. IAM expects the loan to be forgiven in full in 2021.

NOTES PAYABLE

On November 4, 2019, IAM obtained a loan from Evangelical Christian Credit Union in the amount of \$560,000 for the purchase of a building. The loan is payable in 119 monthly installments of \$3,114 including interest calculated at 4.5% per annum, with a final balloon payment of \$410,122 due on November 5, 2029. This loan is secured by the real estate.

On November 4, 2019, IAM obtained a \$200,000 non-interest bearing, unsecured loan, from Hormoz Shariat, to supplement the building purchase. The loan is payable in 120 monthly installments of \$1,667 per month.

On May 11, 2020, IAM obtained a \$88,193 PPP loan to help counter the negative effects of the COVID-19 pandemic. The loan bears interest of 1%, effectively upon the initiation of the loan. The first principal payment of \$11,204 is due October 10, 2021, with the balance due in full on May 10, 2022. As of December 31, 2020, the loan has not been forgiven.

IRAN ALIVE MINISTRIES
Notes to the Financial Statements
December 31, 2020

NOTES PAYABLE *(continued)*

Changes in notes payable for the year ended December 31, 2020 are as follows:

	Balance 12/31/19	Additions	Retirements	Balance 12/31/20	Current
ECCU Loan	\$ 559,026	\$ -	\$ (12,259)	\$ 546,767	\$ 13,030
H. Shariat Loan	180,000	-	-	180,000	20,004
	<u>\$ 739,026</u>	<u>\$ -</u>	<u>\$ (12,259)</u>	<u>\$ 726,767</u>	<u>\$ 33,034</u>

For the year ended December 31, 2020, IAM paid \$25,108 in interest expense.

Estimated principal and interest payments for the year ended December 31, 2020, are as follows:

	Principal	Interest	Total
2021	\$ 33,034	\$ 24,338	\$ 57,372
2022	33,631	23,739	57,370
2023	34,258	23,113	57,371
2024	34,913	22,458	57,371
2025	35,598	21,774	57,372
2026 - 2029	555,333	78,067	633,400
	<u>\$ 726,767</u>	<u>193,489</u>	<u>\$ 920,256</u>

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Subject to Time Restriction:

Pledges Receivable \$ 374,534

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year ended December 31, 2020.

Satisfaction of Time Restriction:

Pledges Receivable \$ 175,259

IRAN ALIVE MINISTRIES
Notes to the Financial Statements
December 31, 2020

OPERATING LEASES

On August 28, 2019, IAM entered into a 24-month lease agreement with North Telecom Trading, LLC for satellite airtime. Average monthly lease payments are \$9,625. The lease was renewed for an additional 36-month term, through August 27, 2024, with monthly lease payments of \$10,500. Total satellite airtime expense for the year ended December 31, 2020 was \$115,515. Future minimum lease payments are as follows:

Year Ending December 31,	
2021	\$ 119,000
2022	126,000
2023	126,000
2024	84,000
	<u>\$ 455,000</u>

RELATED PARTY TRANSACTIONS

IAM has an affiliate organization overseas known as IAM Europe. The president of IAM serves on the boards of IAM Europe and IAM USA.

RESTATEMENT OF NET ASSETS

It was determined that the prior period should have reflected various items, including an increase to pledges receivable. The combined prior period adjustments, increased beginning net assets by \$767,409. The net assets as of December 31, 2019, have been restated to reflect these changes.

Net Assets, as Originally Reported	\$ 907,621
To recognize currency conversion	(20,769)
To adjust investment error	49,043
To remove overstated receivables	(7,363)
To recognize pledges receivable	749,793
To remove overstated payables	14,325
To recognize lease liability	(7,000)
To accrue payroll tax liability	(10,620)
	<u>\$ 1,675,030</u>

SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 1, 2021, which represents the date the financial statements were available to be issued. Notable subsequent events are as follows:

- On March 25, 2021, IAM paid off the outstanding loan payable balance to H. Shariat.
- In May 2021, IAM closed the German bank account held with a third party, My Heart My City.
- On June 3, 2021, IAM received exempt status under the Texas Property Tax Code from Collin Central Appraisal District. The exempt status was in effect for the 2020 tax year, and will continue to the subsequent years.