



Man in the Mirror, Inc.

FINANCIAL STATEMENTS

December 31, 2022 and 2021



	Page
REPORT	
Independent Auditors' Report.....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	4
Statement of Activities (with prior year summarized information).....	5
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9



Carr, Riggs & Ingram, LLC
1031 West Morse Boulevard
Suite 200
Winter Park, FL 32789

407.644.7455
407.628.5277 (fax)
CRLcpa.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Man in the Mirror, Inc.
Casselberry, Florida

Opinion

We have audited the accompanying financial statements of Man in the Mirror, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year 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 Man in the Mirror, Inc. as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Man in the Mirror, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of Error

As discussed in Note 2 to the financial statements, certain errors resulting in understatement of amounts previously reported for accounts payable and accrued expenses and fund raising expenses for the year ended December 31, 2021, were discovered by management of the Organization during the current year. Accordingly, amounts reported for accounts payable and accrued expenses and fund raising expenses have been restated in the 2021 financial statements now presented, and an adjustment has been made to net assets without donor restrictions as of December 31, 2021, to correct the error. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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, 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 Man in the Mirror, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Man in the Mirror, Inc.'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 Man in the Mirror, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Man in the Mirror, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived other than the restatement that was made to properly reflect accounts payable and accrued expenses and related fund raising expenses, as further described in Note 2.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Orlando, Florida

May 23, 2023

Man in the Mirror, Inc.
Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 1,894,083	\$ 2,396,074
Contributions in transit	107,651	167,697
Other assets	56,321	2,640
Inventory	83,545	49,665
Life insurance cash surrender value	40,460	36,825
Finance lease right-of-use assets, net	50,972	-
Property, furniture, and equipment, net	1,487,273	1,454,287
Total assets	\$ 3,720,305	\$ 4,107,188
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 113,040	\$ 216,939
Contract liability	3,262	2,332
Finance lease liabilities	50,972	30,253
Long-term debt	679,635	720,510
Total liabilities	846,909	970,034
Net assets		
Without donor restrictions	1,974,606	1,654,366
With donor restrictions	898,790	1,482,788
Total net assets	2,873,396	3,137,154
Total liabilities and net assets	\$ 3,720,305	\$ 4,107,188

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

Man in the Mirror, Inc.
Statement of Activities
(with prior year summarized information)

<i>For the years ended December 31,</i>	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues and Other Support				
Contributions	\$ 4,412,506	\$ 32,139	\$ 4,444,645	\$ 4,395,335
Resource revenue	76,409	-	76,409	99,652
Event revenue	68,046	-	68,046	98,054
Other revenue	7,176	-	7,176	18,750
Net assets released from restrictions	616,137	(616,137)	-	-
Total revenues and other support	5,180,274	(583,998)	4,596,276	4,611,791
Expenses				
<i>Program services</i>				
Resource Ministry	339,900	-	339,900	194,384
Area Directors	2,622,890	-	2,622,890	2,429,300
NMLB	149,295	-	149,295	129,785
Events	77,755	-	77,755	105,115
Mirror lab	199,130	-	199,130	178,455
Other ministry activities	179,174	-	179,174	184,257
Total program expenses	3,568,144	-	3,568,144	3,221,296
<i>Supporting services</i>				
General and administrative	281,663	-	281,663	252,111
Fund raising	1,010,227	-	1,010,227	865,307
Total support services	1,291,890	-	1,291,890	1,117,418
Total expenses	4,860,034	-	4,860,034	4,338,714
Change in Net Assets, As Restated in 2021				
	320,240	(583,998)	(263,758)	273,077
Net assets at beginning of year, as previously reported	1,768,800	1,482,788	3,251,588	2,864,077
Adjustment for understatement of accounts payable and accrued expenses	(114,434)	-	(114,434)	-
Net assets at beginning of year, as restated	1,654,366	1,482,788	3,137,154	2,864,077
Net assets at end of year	\$ 1,974,606	\$ 898,790	\$ 2,987,830	\$ 3,137,154

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

Man in the Mirror, Inc.
Statements of Functional Expenses

For the year ended December 31,

2022

	Program Expenses						Supporting Expenses		Total
	Resource Ministry	Area Directors	NMLB	Events	Mirror Lab	Other Ministry Activities	General and Administrative	Fund Raising	
Payroll, benefits and related costs	\$ 137,220	\$ 2,065,657	\$ 123,349	\$ 63,666	\$ 152,733	\$ 93,592	\$ 195,411	\$ 302,236	\$ 3,133,864
Event expense	11,167	75,011	6,206	94	4,287	17,445	1,555	590,632	706,397
Administration costs	20,341	123,941	4,495	3,360	7,326	32,826	45,134	34,352	271,775
Travel	8,727	141,022	1,656	1,058	4,084	4,085	346	18,758	179,736
Marketing	4,159	16,115	189	189	474	696	978	16,341	39,141
Product expense	61,590	37,724	1,420	1,031	3,146	18,566	328	1,039	124,844
Other expenses	8,922	37,463	2,004	1,745	3,928	2,672	2,343	13,972	73,049
Technology expense	9,249	33,121	1,871	1,871	4,220	3,217	2,890	5,559	61,998
Professional fees	58,396	13,849	-	168	3,424	168	21,554	9,918	107,477
Depreciation and amortization	11,939	11,939	2,388	2,388	5,731	3,821	3,820	5,731	47,757
Printed materials	1,422	11,197	4,221	748	171	332	124	7,900	26,115
Utilities	5,198	16,961	1,123	1,123	3,159	1,229	1,735	3,030	33,558
Furniture and equipment - maintenance and repairs	1,570	38,890	373	314	6,447	525	5,445	759	54,323
Total expenses	\$ 339,900	\$ 2,622,890	\$ 149,295	\$ 77,755	\$ 199,130	\$ 179,174	\$ 281,663	\$ 1,010,227	\$ 4,860,034

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

Man in the Mirror, Inc.
Statements of Functional Expenses (Continued)

For the year ended December 31,

2021

	Program Expenses						Supporting Expenses		Total Expenses
	Resource Ministry	Area Directors	NMLB	Events	Mirror Lab	Other Ministry Activities	General and Administrative	Fund Raising	
Payroll, benefits and related costs	\$ 97,399	\$ 2,009,080	\$ 102,997	\$ 78,406	\$ 129,089	\$ 110,027	\$ 158,243	\$ 286,187	\$ 2,971,428
Event expense	4,788	45,115	4,887	137	1,722	12,606	426	452,645	522,326
Administration costs	10,011	105,473	8,204	8,877	7,892	32,336	45,843	33,100	251,736
Travel	6	92,244	1,531	1,249	683	398	5,816	10,985	112,912
Marketing	3,615	19,838	132	59	1,489	118	59	14,658	39,968
Product expense	50,057	31,367	570	69	2,550	493	1,209	1,768	88,083
Other expenses	5,889	36,156	1,901	3,814	1,898	3,895	2,533	23,889	79,975
Technology expense	4,777	40,086	3,687	3,660	4,927	7,494	3,642	4,665	72,938
Professional fees	8,740	5,449	-	-	23,550	750	20,638	13,500	72,627
Depreciation and amortization	4,438	2,959	1,479	4,438	1,110	4,069	2,959	15,534	36,986
Printed materials	2,398	6,953	2,190	2,156	-	98	175	5,038	19,008
Utilities	2,124	12,417	2,124	2,124	2,104	4,267	2,143	2,604	29,907
Furniture and equipment - maintenance and repairs	142	22,163	83	126	1,441	7,706	8,425	734	40,820
Total expenses	\$ 194,384	\$ 2,429,300	\$ 129,785	\$ 105,115	\$ 178,455	\$ 184,257	\$ 252,111	\$ 865,307	\$ 4,338,714

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

Man in the Mirror, Inc. Statements of Cash Flows

<i>For the years ended December 31,</i>	2022	2021
Operating Activities		
Changes in net assets	\$ (263,758)	\$ 273,077
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	38,192	27,329
Amortization of right-of-use assets	9,565	9,657
Gain on early termination of lease	(3,064)	-
Change in cash surrender value of life insurance policy	(3,635)	-
Changes in operating assets and liabilities		
Decrease (increase) in		
Contributions in transit	60,046	(60,518)
Other assets	(53,681)	-
Inventory	(33,880)	9,955
Increase (decrease) in		
Accounts payable and accrued expenses	(103,899)	136,021
Contract liability	930	1,869
Total adjustments	(89,426)	124,313
Net cash provided (used) by operating activities	(353,184)	397,390
Financing Activities		
Payments on finance lease liabilities	(11,140)	(11,058)
Principal payments on long-term debt	(41,072)	(39,395)
Net cash used by financing activities	(52,212)	(50,453)
Net change in cash and cash equivalents	(501,991)	346,937
Cash and cash equivalents beginning of year	2,396,074	2,049,137
Cash and cash equivalents at end of year	\$ 1,894,083	\$ 2,396,074

Non-cash investing and financing activities

During 2022, the Organization terminated its copier finance lease and entered into a new finance lease for two copiers valued at \$52,490.

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

Man in the Mirror, Inc. **Notes to Financial Statements**

Note 1: NATURE OF ACTIVITIES

Man in the Mirror, Inc. (the Organization) is a not-for-profit Florida corporation. The Organization is dedicated to spreading the Christian gospel and accomplishes its mission primarily through the dissemination of Christian literature through its resource ministry, Area Directors program, No Man Left Behind events (NMLB) (a program outreach directed at men's discipleship and evangelism), as well as speaking engagements, worship meetings, seminars, research and development, and other ministry activities. The Organization is based in Casselberry, Florida.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the accounting standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to determining the useful lives of property, furniture, and equipment and those used in the functional allocation of expenses.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions in Transit

Contributions in transit are expected to be realized within one month from the statement of financial position date. As of December 31, 2022 and 2021, contributions in transit consisted of gifts of cash without donor restrictions totaling \$107,651 and \$167,697, respectively, that were postmarked but not received and deposited as of year-end.

Other Assets

Other assets consists of prepaid expenses and deposits held by others.

Inventory

Inventory, consisting of books, CDs and DVDs, workbooks, and gifts is accounted for at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method and includes the shipping costs of inventory received.

Property, Furniture, and Equipment, Net

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

Building and building improvements	40 years
Office furniture and equipment	5 years
Computer equipment and software	3 - 5 years

Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Contract Liability

Contract liability consists primarily of event fees collected in advance of the related events.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

The sale of resources, such as books, CDs, DVDs, and workbooks, and event revenue are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

The Organization assists churches with hosting men's events. The Organization receives a fee for the event materials and the church markets the event and administers the registration process. For an additional fee, the Organization can also facilitate the event.

NMLB are city-wide events. The host church enters into a contract with the Organization to hold the event. Each individual who wants to attend this event pays a tuition fee in advance of the event.

Revenue is recognized when performance obligations under the terms of the contracts with customers are satisfied, which would be the point of time when the goods are shipped to the customer or the period of time when the events occur.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Debt Issuance Costs

Under the requirements of FASB ASC 835-30, debt issuance costs are presented in the accompanying statements of financial position as a reduction of the carrying amount of the long-term debt. The estimated annual amortization expense is approximately \$200 for 2023 through 2036.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. A portion of the general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across program expenses and other supporting expenses based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents and usage of office space by a program or other support service versus the total office space.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended December 31, 2022 and 2021, advertising costs totaled approximately \$21,100 and \$21,700, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. The Organization's unrelated business income results from rental income received in 2021.

The Organization has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Organization to any material income tax exposure. A reconciliation of the beginning and ending amount of unrecognized tax benefit is not included, nor is there any interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses as there are no unrecognized tax benefits.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Organization leases office equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position. Finance leases are included in finance lease right-of-use assets, net and finance lease liabilities on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses 3.95% based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 23, 2023, and determined that there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2021 using a modified retrospective approach, with certain practical expedients available.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

In addition, the Organization elected the hindsight practical expedient to determine the lease term for existing leases. The Organization's election of the hindsight practical expedient resulted in the shortening of lease terms for an existing lease as of January 1, 2022 and the useful lives of corresponding office equipment due to the fact that the lease was terminated early in November 2022.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2021 a finance lease liability at the carrying amount of the capital lease obligations on December 31, 2020, of \$35,455 and a right-of-use asset at the carrying amount of the capital lease asset of \$34,603. The difference between the right-of-use assets and lease liabilities was immaterial so no adjustment was made to beginning net assets. The existing operating lease for space for the weekly prayer service was also immaterial and so no adjustment was made to apply the new pronouncement retroactively for this lease.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Restatement

The 2021 balances were restated to properly reflect accounts payable and accrued expenses and related fund raising expenses for an event that occurred in 2021. The effect of the restatement was as follows for the year ended December 31, 2021:

- Increase to accounts payable and accrued expenses on the statement of financial position of \$114,434;
- Decrease to net assets without donor restrictions of \$114,434;
- Increase of fund raising expenses on the statement of activities of \$114,434;
- Increase on event expense for the fundraising function on the statement of functional expenses.

Man in the Mirror, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions:

<i>December 31,</i>	2022	2021
Cash and cash equivalents	\$ 1,894,083	\$ 2,396,074
Contributions in transit	107,651	167,697
Financial assets, at year-end	2,001,734	2,563,771
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donors with purpose restrictions	(898,790)	(1,482,788)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,102,944	\$ 1,080,983

Liquidity Management

Management of the Organization monitors its cash flow by reviewing cash flow reports on a weekly basis. Although borrowing money is an option, management prefers to control cash flow by reducing expenses. In addition, the Organization will negotiate extended terms for larger purchases, reduce salaries, or reduce employees if a cash flow need arises.

See Note 6 regarding minimum net worth requirements the Organization has in conjunction with its long-term debt.

Man in the Mirror, Inc.
Notes to Financial Statements

Note 4: PROPERTY, FURNITURE, AND EQUIPMENT, NET

Property, furniture, and equipment, net consisted of the following:

<i>December 31,</i>	2022	2021
Land	\$ 602,690	\$ 602,690
Building and building improvements	1,028,198	931,603
Office furniture and equipment	52,044	52,044
Computer equipment and software	88,427	139,124
Total property and equipment	1,771,359	1,725,461
Less accumulated depreciation	(284,086)	(271,174)
Property and equipment, net	\$ 1,487,273	\$ 1,454,287

Depreciation expense amounted to \$38,192 and \$27,329 for 2022 and 2021, respectively.

Note 5: FINANCE LEASES

In 2019, the Organization entered into a 63 month non-cancelable finance lease agreement for two copiers. In November 2022, the Organization traded in one of these copiers for a new one and entered into a new lease agreement for the new copier and the remaining copier for 63 months. Required monthly payments on the lease are \$1,071 through January 2028 (see Note 2).

As of December 31, 2022 and 2021, assets recorded under finance leases were:

<i>December 31,</i>	2022	2021
Finance lease right-of-use assets	\$ 52,490	\$ 58,382
Less accumulated depreciation	(1,518)	(29,166)
	\$ 50,972	\$ 29,216

The components of lease expense consist of the following:

<i>For the years ended December 31,</i>	2022	2021
Amortization of right-of-use asset	\$ 9,565	\$ 9,657
Interest on lease liabilities	960	931
Total finance lease cost	\$ 10,525	\$ 10,588

Man in the Mirror, Inc.
Notes to Financial Statements

Note 5: FINANCE LEASES (Continued)

The following is a schedule of future minimum lease payments under the capital lease agreements, together with the present value of the net minimum lease payments for the years ending December 31:

<i>For the years ended December 31,</i>	Finance Leases
2023	\$ 11,173
2024	11,173
2025	11,173
2026	11,173
2027	11,173
2028	928
Total minimum lease payments	56,793
Less amount representing interest	(5,821)
Present value of net minimum lease payments	\$ 50,972

Note 6: LONG-TERM DEBT

Long-term debt at December 31 is as follows:

	2022	2021
Twenty-year term note payable due March 4, 2036, bearing interest at 3.95%. Monthly principal and interest payments of approximately \$5,780.	\$ 686,337	\$ 727,409
Less unamortized debt issuance costs	(6,702)	(6,899)
	\$ 679,635	\$ 720,510

The note payable contains various affirmative covenants relating to the Organization's financial performance, operating results and reporting, including to maintain a minimum net worth of not less than \$560,000 and to maintain a minimum debt service coverage ratio of no less than 1.25. The loan is collateralized by the building, land, assignment of rents and leases on the property, and all other business assets of the Organization. The Organization did not maintain the minimum debt service coverage ratio as of December 31, 2022. The bank provided a waiver for this requirement at December 31, 2022 and for the period from January 1, 2023 through the date of the independent auditors' report.

Man in the Mirror, Inc.
Notes to Financial Statements

Note 6: LONG-TERM DEBT (Continued)

For the years ended December 31, 2022 and 2021, interest expense relating to the long-term debt was \$29,269 and \$31,040, respectively.

The aggregate principal payments for the remaining life of the long-term debt are as follows for the year ended December 31:

2023	\$	42,684
2024		44,401
2025		46,187
2026		48,044
2027		49,976
Thereafter		455,045
		<hr/>
	\$	686,337
		<hr/> <hr/>

Note 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021 are as follows:

	2022	2021
Restricted for specific purpose		
Area Directors ministries	\$ 878,372	\$ 1,293,280
Spiritual Fathers curriculum development	-	154,400
International program	5,000	25,000
Other ministry activities	12,943	10,108
Launching Pad	2,475	-
		<hr/>
	\$ 898,790	\$ 1,482,788
		<hr/> <hr/>

Man in the Mirror, Inc.
Notes to Financial Statements

Note 7: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Net assets released from restrictions during the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
<hr/>		
Purpose restrictions accomplished:		
Area Directors ministries	\$ 414,908	\$ 101,619
Founders weekend	-	100,000
Other ministry activities	26,579	14,518
International	20,000	-
Launching Pad	250	-
Spiritual Fathers	154,400	-
<hr/>		
	\$ 616,137	\$ 216,137
<hr/>		

Note 8: REVENUE

The Organization is recognizing resource revenue at the point in time when resources are shipped to the customer and event revenue at the time the event takes place. As of December 31, 2022, there were \$3,262 of performance obligations to be satisfied, of which all is expected to be recognized in revenue in 2023. These performance obligations are based upon events occurring.

Man in the Mirror, Inc.
Notes to Financial Statements

Note 8: REVENUE (Continued)

Resource revenue and event revenue consists of the following:

<i>For the years ended December 31,</i>	2022	2021
Resource revenue		
Books	\$ 44,295	\$ 66,630
Event resources	2,284	5,940
Mail order resources	29,830	27,082
Total resource revenue	76,409	99,652
Event revenue		
Per man fee	\$ 3,331	\$ 2,953
Scheduling fees	18,302	15,950
Extra printed materials	285	-
Honorariums	1,701	2,075
Ticket sales	15,567	61,117
Special events	9,953	1,128
NMLB tuition	18,907	14,831
Total event revenue	68,046	98,054
Total resource and event revenue	\$ 144,455	\$ 197,706

Contract Balances

The balance of contract liability was as follows:

<i>December 31,</i>	2022	2021
Beginning of year	\$ 2,332	\$ 463
End of year	\$ 3,262	\$ 2,332

Note 9: OPERATING LEASES

Operating Lease Income

The Organization entered into a lease agreement with a tenant for office space with a term of two years through July 2021, which was then later extended to February 2022. Lease income related to this operating lease was approximately \$12,500 for the year ended December 31, 2021 and is included in the accompanying statement of activities as other revenue. The lease was terminated early by the tenant as of December 31, 2021.

Man in the Mirror, Inc.
Notes to Financial Statements

Note 10: DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution 401(k) retirement plan (the Plan) covering all employees with at least six months of services. Eligible employees may make salary deferral contributions to the Plan. Additionally, the Organization may make discretionary matching contributions to the Plan. Employees vest in employer contributions over a six-year graded period. Employer contributions to the Plan were approximately \$61,400 and \$52,000, for the years ended December 31, 2022 and 2021, respectively.

Note 11: CONCENTRATIONS

The Organization maintains cash and cash equivalent deposits at banks and other financial institutions. Cash deposits in the banks, at times, exceed federally insured limits. Cash equivalent deposits in other financial institutions are not federally insured. The Organization has not experienced any losses in its cash and cash equivalents, and believes that there is no significant risk with respect to these deposits.

Note 12: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash was paid during the year for:

	2022	2021
Interest	\$ 29,269	\$ 31,040
Income taxes	\$ -	\$ -