

**CALCUTTA MERCY MINISTRIES**

-----

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

# Matthews & Nulty, Inc.

Certified Public Accountants

TURNPIKE PLAZA  
197 STATE ROUTE 18, SUITE 202  
EAST BRUNSWICK, NJ 08816  
TEL: (732) 257-8604  
FAX: (732) 257-6661

INDEPENDENT AUDITOR'S REPORT [www.MatthewsAndNulty.com](http://www.MatthewsAndNulty.com)

To the Board of Directors  
of Calcutta Mercy Ministries

## Opinion

We have audited the accompanying financial statements of Calcutta Mercy Ministries (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets 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 Calcutta Mercy 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.

## 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Calcutta Mercy Ministries 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.

## 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 Calcutta Mercy Ministries ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

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 Calcutta Mercy Ministries 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 Calcutta Mercy Ministries 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.

Matthews & Nulty, Inc.  
East Brunswick, NJ  
April 12<sup>th</sup>, 2021

*Matthews & Nulty, Inc*

**CALCUTTA MERCY MINISTRIES**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

Assets

Current assets

Cash and cash equivalents	\$ 30,811
Cash and cash equivalents - with temporary donor restriction	87,106
Prepaid expenses	1,000
Total current Assets	118,917

Cash and cash equivalents - with permanent donor restriction	23,000
--------------------------------------------------------------	--------

Total assets	\$ 141,917
--------------	------------

Liabilities and net assets

Current liabilities

Accounts payable	\$ 65,018
Current portion of long-term debt	21,480
Total current liabilities	86,498

Long-Term liabilities

Note payable	85,226
Less current portion	(21,480)
Total long-term liabilities	63,746

Total liabilities	150,244
-------------------	---------

Net assets

Without donor restrictions	(118,433)
With donor restrictions - temporary	87,106
With donor restrictions - permanent	23,000
	(8,327)

Total net assets	(8,327)
------------------	---------

Total liabilities and net assets	\$ 141,917
----------------------------------	------------

The accompanying notes are an integral part of these financial statements

**CALCUTTA MERCY MINISTRIES**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions Temporary	With Donor Restrictions Permanent	Total
Revenues and support				
Donations and sponsorship	\$ 827,094	\$ 111,629	\$ -	\$ 938,723
Government grant	52,000	-	-	52,000
Interest income	62	-	-	62
Net assets released from restrictions	223,159	(223,159)	-	-
Total revenues and support	<u>1,102,315</u>	<u>(111,530)</u>	<u>-</u>	<u>990,785</u>
Expenses				
Program services:				
Hospital	305,038	-	-	305,038
Church	15,210	-	-	15,210
Education	35,216	-	-	35,216
Management & general	389,382	-	-	389,382
Total expenses	<u>744,846</u>	<u>-</u>	<u>-</u>	<u>744,846</u>
Increase (Decrease) in net assets	357,469	(111,530)	-	245,939
Net assets, beginning	<u>(475,902)</u>	<u>198,636</u>	<u>23,000</u>	<u>(139,556)</u>
Net assets, ending	<u>\$ (118,433)</u>	<u>\$ 87,106</u>	<u>\$ 23,000</u>	<u>\$ 106,382</u>

The accompanying notes are an integral part of these financial statements

**CALCUTTA MERCY MINISTRIES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services				Total Program Expenses	Management and General	Total Expenses
	Hospital	Church	Education				
Calcutta Mercy Hospital	\$ 155,710	\$ -	\$ -	\$ -	\$ 155,710	\$ -	\$ 155,710
Ranchi Children's Home	-	-	-	-	-	-	-
Payroll and taxes	12,143	8,822	4,128		25,093	225,835	250,927
Printing and publications	75,916	375	284		76,575	9,598	86,174
Postage and shipping	14,899	72	129		15,101	1,844	16,945
Technology	588	427	4,732		5,747	10,929	16,675
Travel	153	111	13,461		13,724	2,836	16,560
Accounting fees	715	519	243		1,477	13,293	14,770
Legal and professional	2,169	1,576	737		4,482	40,341	44,824
Bank charges	4,369	1,193	558		6,120	30,533	36,653
Interest	552	401	188		1,142	10,274	11,416
Registration fees and penalties	830	603	282		1,715	15,437	17,152
Office expenses	695	505	236		1,437	12,931	14,368
Office rent	373	271	127		770	6,930	7,700
Utilities	243	177	83		503	4,523	5,026
Conferences	58	42	20		120	1,080	1,200
Promotion	161	117	55		333	2,998	3,331
Other expenses	35,464	-	9,953		45,417	-	45,417
<b>Total Expenses</b>	<b>\$ 305,038</b>	<b>\$ 15,210</b>	<b>\$ 35,216</b>	<b>\$ -</b>	<b>\$ 355,464</b>	<b>\$ 389,382</b>	<b>\$ 744,846</b>

The accompanying notes are an integral part of these financial statements

**CALCUTTA MERCY MINISTRIES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Cash flows from operating activities	
Decrease in net assets	\$ 245,939
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Increase in prepaid expenses	(1,000)
Decrease in accounts payable	<u>(168,904)</u>
Net cash used by operating activities	76,035
Cash flows from financing activities	
Payments of note payable	<u>(78,713)</u>
Net cash used by financing activities	<u>(78,713)</u>
Net decrease in cash	(2,678)
Beginning cash and cash equivalents	<u>143,595</u>
Ending cash and cash equivalents	<u><u>\$ 140,917</u></u>
Supplemental disclosure of cash flow information	
Cash payments for interest	<u><u>\$ 11,111</u></u>

The accompanying notes are an integral part of these financial statements

CALCUTTA MERCY MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operation**

Calcutta Mercy Ministries (the Organization) is a Utah not-for-profit corporation. The Organization seeks to connect private philanthropy with ongoing charitable health care services provided primarily by the Calcutta Mercy Hospital in Calcutta, India. The Organization also funds humanitarian efforts throughout India.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Cash, Cash Equivalents and Concentration of Credit Risk**

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Organization has cash balances in one financial institution. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020 the Organization had no uninsured cash balances.

**Property and Equipment**

Equipment is stated at cost net of accumulated depreciation. Expenditures that increase values or extend useful lives of assets are capitalized and routine maintenance and repairs are charged to expense in the year incurred. Depreciation is computed principally using income tax accelerated methods over the statutory lives of the assets.

**Donated Services and Property**

The fair value of donated services are recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by persons possessing those skills, and would need to be purchased if they weren't donated. Furniture, equipment and real property donated to the Organization are recorded at their estimated fair market value as of the date of contribution and recorded as contributed assets.

**Income Taxes**

The Organization is exempt from federal and state income taxes under Sections 501 (c)(3) of the Internal Revenue Code. Therefore, no provision has been made for income taxes. For the Organization, the tax years ended December 31, 2016 through the current year remain open for examination by federal and state tax authorities.



CALCUTTA MERCY MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising and Promotion**

All costs associated with advertising and promotion the Organization's services are expensed in the year incurred. Advertising expense totaled \$3,331 for the year ended December 31, 2020.

**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 not subject to donor restrictions***

Undesignated

Unrestricted net assets include all net assets which are neither temporarily or permanently restricted. Gains or losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law.

***Net Assets With Donor Restrictions – net assets subject to donor 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.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE B – LIQUIDITY**

As part of the Organization's liquidity management plan, unrestricted cash balances are monitored to cover management and general expenditures before excess unrestricted cash is used for program expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$31,049
---------------------------	----------

CALCUTTA MERCY MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE C – NOTE PAYABLE**

In September 2017, the Organization obtained a ten-year \$200,000 loan from the Assemblies of God World Missions (AGWM) with an interest rate of 4.5% with monthly payments of \$2,073. The note is guaranteed by Randy Valimont and the Griffin Assembly of God.

The following is a schedule of estimated future maturities of this debt:

2021	\$ 21,480
2022	22,467
2023	23,499
2024	<u>17,780</u>
	<u>\$ 85,226</u>

**NOTE D – NET ASSETS WITH DONOR RESTRICTIONS – PERMANENTLY RESTRICTED**

In 2011, the Organization received a donation of \$23,000 for which the donor permanently restricted the principal and made the interest earned available for operations.

**NOTE F – NET ASSETS WITH DONOR RESTRICTIONS – TEMPORARILY RESTRICTED**

As of December 31, 2020, the following fund balances were temporarily restricted:

Cleft palate surgery	\$ 4,415
Blind school	1,152
Nursing school	248
Rhino project	6,382
Thalassaemia & leukemia	2,208
Adopt a village	4,635
Bible college	1,012
Feeding program	28,455
Ranchi children's home	31,500
Educating a child	5,835
Teacher training college	<u>1,264</u>
	<u>\$ 87,106</u>

CALCUTTA MERCY MINISTRIES  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE E – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for programs for the year ended December 31, 2020 as follows:

<b>Released from restrictions</b>	
Adopt a project	\$ 2,124
Cleft palate surgery	2,898
Blind school	2,128
Nursing school	12,880
Rhino project	9,739
Thalassaemia & leukemia	995
Calcutta Mercy hospital	100,642
Adopt a village	315
Bible college	4,913
Feeding program	31,010
Ranchi children's home	15,000
Volunteer trips	3,261
Endowment project	970
Special projects	6,148
Educating a child	30,137
	<u>\$ 223,159</u>
<b>Board re-designations</b>	
Special projects	\$ (1,264)
Teacher training college	1,264
	<u>\$ -</u>

**NOTE G – FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. 10% of management and general expenditures are allocated to the program services. The allocations to the specific programs are based on time and effort and the programs benefitted.

**NOTE H – GOVERNMENT GRANT**

In April 2020, as a result of the COVID-19 pandemic, the Paycheck Protection Program was established by the CARES Act and is implemented by the Small Business Administration with support from the Department of the Treasury. This program provides small businesses with funds to pay up to 8 to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. In April, 2020, the Organization received a Paycheck Protection Program loan of \$52,000.

CALCUTTA MERCY MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE H – GOVERNMENT GRANT (CONTINUED)**

Subsequently, the loan was forgiven 100% by the Department of the Treasury and has been recorded as a government grant on the financial statements.

**NOTE I – CHANGE IN ACCOUNTING PRINCIPLE**

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis in 2020. For the year ended December 31, 2020, the effect of adopting the new accounting principle had no cumulative-effect on the financial statements.

**NOTE J – RELATED PARTY TRANSACTIONS**

In 2020, the Organization contracted Josiah McGurty, President Robert McGurty's son, for IT support and related services that totaled \$11,275.

**NOTE K – SUBSEQUENT EVENTS**

**Cry of India**

Cry of India is a Christian non-profit child sponsorship organization dedicated to reach at-risk children of India by providing them education, nutrition and safety. Calcutta Mercy Ministries has supported Cry of India as part of their special programs for many years. As of January 1, 2021, Cry of India has become a subdivision of Calcutta Mercy Ministries. The effects on the financial statements cannot be determined at this time.

**Date of Management's Review**

Management has evaluated subsequent events through April 12<sup>th</sup>, 2021, the date the financial statements were available to be issued.