

FAVOR INTERNATIONAL, INC.

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

DECEMBER 31, 2021

**WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FAVOR INTERNATIONAL, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Favor International, Inc.
Bradenton, Florida

Opinion

We have audited the accompanying financial statements of Favor International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 Favor International, Inc. as of December 31, 2021, 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 Favor International, 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.

Africa Ministry Organizations Expenses

Our audit was made for the purpose of forming an opinion on Favor International, Inc.'s basic financial statements taken as a whole. As described in note 6, Related Party Transactions, the majority of Favor's program expenses are ultimately fulfilled through the operation of Favor of God Ministries – Uganda and Favour Africa Ministries International – South Sudan (Africa Ministry Organizations). Though we did apply limited procedures in order to obtain an understanding of the internal controls related to the cash expenditure process of the Africa Ministry Organizations, we did not perform audit procedures on their expenses because it is outside the scope of our audit. 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 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 Favor International, Inc.'s 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 Favor International, 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 Favor International, 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 Favor International, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tampa, Florida
May 11, 2022

FAVOR INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	December 31,	
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,024,703	\$ 2,911,649
Prepaid expenses	-	595
	<hr/>	<hr/>
Total current assets	3,024,703	2,912,244
Property and equipment, net of accumulated depreciation	<hr/> 5,791	<hr/> 1,795
Total assets	<hr/> \$ 3,030,494	<hr/> \$ 2,914,039
LIABILITIES AND NET ASSETS		
Paycheck Protection Program loan	<hr/> -	<hr/> 21,490
Net assets		
Without donor restrictions		
Operating	(8,644)	(52,706)
Board designated	-	-
Total without donor restrictions	<hr/> (8,644)	<hr/> (52,706)
With donor restrictions	<hr/> 3,039,138	<hr/> 2,945,255
Total net assets	<hr/> 3,030,494	<hr/> 2,892,549
Total liabilities and net assets	<hr/> \$ 3,030,494	<hr/> \$ 2,914,039

See accompanying independent auditor's report and notes to the financial statements.

FAVOR INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Changes in Net Assets			
	Without Donor Restrictions	With Donor Restrictions	December 31,	
			Total 2021	2020
PUBLIC SUPPORT AND OTHER REVENUES				
Grants and contributions	\$ 2,817,849	\$ 3,000,000	\$ 5,817,849	\$ 5,088,500
In-kind contributions	2,303	-	2,303	-
Other	1,486	-	1,486	1,817
Net assets released from restrictions	2,906,117	(2,906,117)	-	-
Total public support and other revenues	5,727,755	93,883	5,821,638	5,090,317
EXPENSES				
Program services	5,247,078	-	5,247,078	2,002,600
Supporting services				
Management and general	254,798	-	254,798	159,517
Fundraising	181,817	-	181,817	151,915
Total supporting services	436,615	-	436,615	311,432
Total expenses	5,683,693	-	5,683,693	2,314,032
Change in net assets	44,062	93,883	137,945	2,776,285
Net assets, beginning of year	(52,706)	2,945,255	2,892,549	116,264
Net assets, end of year	\$ (8,644)	\$ 3,039,138	\$ 3,030,494	\$ 2,892,549

See accompanying independent auditor's report and notes to the financial statements.

FAVOR INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Program Services	Supporting Services			Total Expenses	
		Management and General	Fundraising	Total Supporting Services	December 31,	
					2021	2020
Personnel expenses						
Salaries	\$ 20,417	\$ 58,729	\$ 118,833	\$ 177,562	\$ 197,979	\$ 157,865
Payroll taxes	1,562	4,493	9,091	13,584	15,146	11,365
Employee benefits	-	-	-	-	-	3,343
	<u>21,979</u>	<u>63,222</u>	<u>127,924</u>	<u>191,146</u>	<u>213,125</u>	<u>172,573</u>
Other expenses						
Africa Ministry Organizations	5,196,135	-	-	-	5,196,135	1,947,300
Outside services	-	96,030	-	96,030	96,030	46,547
Travel and entertainment	3,345	25,233	15,061	40,294	43,639	17,305
Legal and professional	-	30,992	-	30,992	30,992	31,564
Postage and printing	5,270	3,340	19,672	23,012	28,282	44,631
Field supplies and equipment	18,914	-	-	-	18,914	23,419
Bank and credit card fees	-	18,146	-	18,146	18,146	8,369
Promotional material	-	204	8,374	8,578	8,578	217
Information technology	10	4,873	2,275	7,148	7,158	3,864
Insurance	-	3,001	-	3,001	3,001	2,243
Repairs and maintenance	-	1,830	-	1,830	1,830	86
Taxes and licenses	-	1,492	-	1,492	1,492	1,264
Benevolence	-	-	-	-	-	6,000
Telephone	-	-	-	-	-	323
Other	522	4,834	8,511	13,345	13,867	6,326
	<u>5,246,175</u>	<u>253,197</u>	<u>181,817</u>	<u>435,014</u>	<u>5,681,189</u>	<u>2,312,031</u>
Total expenses before depreciation						
Depreciation	<u>903</u>	<u>1,601</u>	<u>-</u>	<u>1,601</u>	<u>2,504</u>	<u>2,001</u>
Total expenses	<u>\$ 5,247,078</u>	<u>\$ 254,798</u>	<u>\$ 181,817</u>	<u>\$ 436,615</u>	<u>\$ 5,683,693</u>	<u>\$ 2,314,032</u>

See accompanying independent auditor's report and notes to the financial statements.

FAVOR INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 137,945	\$ 2,776,285
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	2,504	2,001
Gain from Paycheck Protection Program (PPP) loan forgiveness	(21,490)	-
(Increase) Decrease in assets:		
Promises to give	-	1,529
Prepaid expenses	595	(302)
Employee advances	-	3,178
Decrease in liabilities:		
Accounts payable	-	(803)
Net cash provided by operating activities	<u>119,554</u>	<u>2,781,888</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(6,500)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP loan	<u>-</u>	<u>21,490</u>
Net change in cash and cash equivalents	113,054	2,803,378
Cash and cash equivalents, beginning of year	2,911,649	108,271
Cash and cash equivalents, end of year	<u>\$ 3,024,703</u>	<u>\$ 2,911,649</u>
NONCASH FINANCING TRANSACTIONS		
Forgiveness of PPP loan and conversion into a grant	<u>\$ 21,490</u>	<u>\$ -</u>

See accompanying independent auditor's report and notes to the financial statements.

FAVOR INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF
AND FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE 1 NATURE OF THE ORGANIZATION

Favor International, Inc. ("Favor" or the "Organization") was incorporated as a Not-for-Profit organization in 2015. Favor is a Christian-based organization that exists to provide spiritual and biblical guidance, humanitarian relief, and educational and economic development. The Organization builds churches and focuses on training and developing indigenous leaders to become pastors and missionaries. It is dedicated towards working with children, families, and communities primarily in Uganda and South Sudan. The Organization changed its name from Favour Africa Inc. to Favor International, Inc. in 2018.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Favor have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Favor has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. Under ASC 958, Favor is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, Favor reports net asset information regarding its financial position and activities as follows: (1) net assets without restrictions, which include no donor-imposed restrictions and, therefore, are available for any purpose authorized by the Board of Directors (the "Board"); and (2) net assets with restrictions, which include donor-imposed restrictions that will expire in the future.

Revenue Recognition

Contributions are recorded at their fair market value on the date of receipt. All contributions are available for unrestricted use unless specifically designated by the donor. The Organization reports contributions restricted by donors as increases in net assets *without* donor restrictions if restrictions expire (that is, when either a stipulated time restriction ends or a purpose restriction is accomplished) in the same reporting period in which revenue is recognized. All other donor-restricted contributions are reported as increases in net assets 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 restrictions.

Support arising from donated, or in-kind, goods, property, and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically

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charge a fee. For the years ended December 31, 2021 and 2020, volunteers provided services to assist the Organization's management and fundraising functions for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under GAAP.

Cash and Cash Equivalents

Favor considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. Favor has a policy of capitalizing expenditures for property and equipment with costs greater than \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives. The Organization's computer and equipment, and its vehicle, are depreciated over a useful life of three years.

If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing Favor's programs and supporting services have been summarized on a functional basis in the Statements of Functional Expenses. Natural expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas. Personnel expenses are indirect costs that benefit multiple functional areas and have been allocated among the functional areas based on time and effort spent by employees.

Summarization and Reclassification of Certain 2020 Information

The financial information for the year ended December 31, 2020, presented for comparative purposes, is not intended to be a complete presentation. Certain 2020 amounts were reclassified to conform to the presentation in the current year. These reclassifications had no change on prior year reported changes in net assets or end of year net assets.

Federal Income Tax

Favor is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Management has evaluated Favor's tax position and concluded that no uncertain tax positions have been taken that would require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB ASC. With few exceptions, the Organization is subject to income tax examinations for up to three years after tax returns are filed.

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Going Concern Evaluation

On an annual basis, as required by FASB ASC 205, the Organization performs an evaluation to determine whether there are conditions or events (known or reasonably knowable), considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Subsequent Events

In accordance with FASB ASC 855, the Organization evaluated subsequent events through May 11, 2022, the date the financial statements were available for issue.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Favor's current financial assets available for general expenditures, that is, without donor imposed or other restrictions limiting their use, within one year of the Balance Sheet date as of December 31 were as follows:

	December 31,	
	2021	2020
Current financial assets at year end		
Cash and cash equivalents	<u>\$ 3,024,703</u>	<u>\$ 2,911,649</u>
Less amount not available for general use within one year		
Net assets with donor restrictions	3,039,138	2,945,255
Net assets with time restrictions to be met in less than a year	<u>(3,000,000)</u>	<u>(1,200,000)</u>
	<u>39,138</u>	<u>1,745,255</u>
Current financial assets available to meet cash		
needs for general expenditures within one year	<u>\$ 2,985,565</u>	<u>\$ 1,166,394</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist as of December 31 were as follows:

	December 31,	
	2021	2020
Computer and equipment	\$ 6,003	\$ 6,003
Motor vehicle	<u>6,500</u>	<u>-</u>
	<u>12,503</u>	<u>6,003</u>
Less accumulated depreciation	<u>(6,712)</u>	<u>(4,208)</u>
Total property and equipment, net	<u>\$ 5,791</u>	<u>\$ 1,795</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was approximately \$3,000 and \$2,000, respectively.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows as of December 31:

	December 31,	
	2021	2020
Subject to purpose		
Community revitalization	\$ -	\$ 1,200,000
Training center property	-	500,000
Bible distribution	39,138	45,255
	<u>39,138</u>	<u>1,745,255</u>
Subject to passage of time	<u>3,000,000</u>	<u>1,200,000</u>
	<u>\$ 3,039,138</u>	<u>\$ 2,945,255</u>

NOTE 6 RELATED PARTY TRANSACTIONS

Favor's Executive Director is also the Executive Director of two closely related organizations, Favor of God Ministries – Uganda and Favour Africa Ministries International – South Sudan (the "Africa Ministry Organizations"), and is compensated, as commensurate to the allocation of time spent fulfilling the purpose of each of the organizations.

The majority of Favor's program expenses are ultimately fulfilled through the operation of the Africa Ministry Organizations as established by Favor. These expenses are included on the Statement of Functional Expenses.

NOTE 7 CREDIT AND FUNDING CONCENTRATION

Financial instruments that potentially subject Favor to concentrations of credit risk consist primarily of bank deposits. Favor mitigates this risk through the use of an insured cash sweep network of its main bank deposit account to maintain a guarantee that balances do not exceed federally insured limits in that account. Through the normal course of business, Favor will transfer funds to its other bank accounts, and, at times, these account balances may exceed federally insured limits. Favor has not experienced any losses on such accounts, and believes it is not exposed to any significant risk on bank deposit accounts.

The Organization also receives a significant portion of its funding from a small number of funding sources. The success of the Organization's program services is significantly dependent upon continued support from these donors:

Approximately 51% of Favor's 2021 contributions were received from an individual and that individual's related-party foundation; and approximately 71% of Favor's 2020 contributions were received from that same individual and that individual's related party foundation.

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Additionally, during the year ended December 31, 2021, an unrelated Christian foundation made a contribution which amounted to approximately 14% of the Organization's 2021 contributions; and for the year ended December 31, 2020, an individual made a contribution which amounted to approximately 10% of Favor's 2020 contributions.

NOTE 8 CONTINGENCIES

In March 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. These measures could negatively impact the Organization's operations, vendors, and donors. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization's operations or cash flows.