

MAJESTY OUTDOORS
Audited Financial Statements
December 31, 2021



MAJESTY OUTDOORS

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12

Independent Auditor's Report

August 11, 2022

To the Executive Board of Directors
and Management
Majesty Outdoors
Corpus Christi, Texas

Opinion

We have audited the financial statements of Majesty Outdoors, which comprise the statement of financial position as of December 31, 2021, and the changes in its net assets, and its cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Majesty Outdoors as of December 31, 2021, and the changes in net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Majesty Outdoors's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 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 GAAS, 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 Majesty Outdoors'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 Majesty Outdoors'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.



Adamson & Company, LLC

MAJESTY OUTDOORS
Statement of Financial Position
December 31, 2021

ASSETS

	Without Donor Restrictions
Current Assets	
Cash and Cash Equivalents	\$ 35,713
Prepaid Expenses	19,152
Investments (Note 3)	461,657
Total Current Assets	516,522
Property and Equipment, Net (Note 4)	93,049
Total Assets	\$ 609,571

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 12,074
Total Liabilities	12,074
Net Assets	
Without Donor Restrictions	596,565
With Donor Restrictions	932
Total Net Assets	597,497
Total Liabilities and Net Assets	\$ 609,571

MAJESTY OUTDOORS

Statement of Activities

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Support			
Contributions	\$ 760,782	\$ -	\$ 760,782
Special Events	317,450	-	317,450
Less: Direct Costs	<u>(175,389)</u>	<u>-</u>	<u>(175,389)</u>
Total Support	902,843	-	902,843
Revenue			
Investment Income	8,180	932	9,112
Other Revenues	<u>2,700</u>	<u>-</u>	<u>2,700</u>
Total Revenue	<u>10,880</u>	<u>932</u>	<u>11,812</u>
Total Support and Revenue	913,723	932	914,655
Expenses			
Program Expenses	369,934	-	369,934
Support Services	<u>70,970</u>	<u>-</u>	<u>70,970</u>
Total Expenses	<u>440,904</u>	<u>-</u>	<u>440,904</u>
Increase in Net Assets	472,819	932	473,751
Net Assets, Beginning of Year	<u>123,746</u>	<u>-</u>	<u>123,746</u>
Net Assets, End of Year	<u><u>\$ 596,565</u></u>	<u><u>\$ 932</u></u>	<u><u>\$ 597,497</u></u>

See accompanying notes to financial statements

MAJESTY OUTDOORS

Statement of Functional Expenses

Year Ended December 31, 2021

	Support Services				Total										
	Program Expenses	General and Administrative	Fundraising	Direct Costs of Donor Benefits											
Accounting & Professional Fees	\$ 3,705	\$ 11,114	\$ -	\$ -	\$ 14,818										
Advertising	5,569	-	-	-	5,569										
Depreciation	4,712	524	-	-	5,235										
Insurance	11,809	-	-	-	11,809										
Licenses and Renewals	3,167	-	-	-	3,167										
Office Expenses	6,185	7,731	1,546	-	15,462										
Rent, Parking and Utilities	21,112	-	-	-	21,112										
Salaries and Wages	211,764	30,616	12,757	-	255,137										
Payroll Benefits	21,889	3,165	1,319	-	26,372										
Payroll Taxes	10,737	1,552	647	-	12,936										
Program Operations	31,545	-	-	-	31,545										
Scholarships and Donations	18,703	-	-	-	18,703										
Training and Conferences	19,039	-	-	-	19,039										
Cost of Direct Benefits to Donors	-	-	-	175,389	175,389										
Subtotal	369,934	54,701	16,268	175,389	616,293										
Less: Expenses Included with Revenues on the Statement of Activities	-	-	-	(175,389)	(175,389)										
Total Functional Expenses	\$ 369,934	\$ 54,701	\$ 16,268	\$ -	\$ 440,904										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td> <td colspan="2" style="text-align: center; border-bottom: 1px solid black;">16%</td> <td style="width: 33%;"></td> <td style="width: 33%;"></td> </tr> <tr> <td style="text-align: center;">84%</td> <td style="text-align: center;">12%</td> <td style="text-align: center;">4%</td> <td style="text-align: center;"></td> <td style="text-align: center;">100%</td> </tr> </table>							16%				84%	12%	4%		100%
	16%														
84%	12%	4%		100%											

See Accompanying Notes to Financial Statements

MAJESTY OUTDOORS

Statement of Cash Flows

Year Ended December 31, 2021

Cash Flows from Operating Activities	
Increase in Net Assets	\$ 473,751
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	5,235
Realized and Unrealized Gains on Investments	(7,339)
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(5,992)
Increase in Accounts Payable	9,211
	<hr/>
Net Cash Provided by Operating Activities	474,866
Cash Flows from Investing Activities	
Investment Purchases	(523,425)
Proceeds from Sale of Investments	69,105
Acquisitions of Property and Equipment	(91,914)
	<hr/>
Net Cash Used by Investing Activities	(546,234)
Net Decrease in Cash	(71,368)
Beginning Cash	<hr/> 107,081
Ending Cash	<hr/> <hr/> \$ 35,713

See accompanying notes to financial statements

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

Mission

The mission of Majesty Outdoors is to build a generation of hope by shattering the cycle of fatherlessness. Our mission statement is rooted in the words of Psalm 68:5, *"A father to the fatherless, a defender of widows, is God in his holy dwelling"*. Majesty Outdoors' staff, board of directors and volunteers are all guided by this inspiration in all we work towards in achieving our mission.

Nature of Activities

Founded in 2009, Majesty Outdoors (the Organization) is a 501(c)(3) nonprofit based in Corpus Christi, Texas. The Organization is focused on raising awareness to the fatherless epidemic in our society and enacting real change in our communities through mentorship programs for this fatherless generation. Utilizing the unique learning environment of the outdoors, the programs positively impact the lives of these youths by offering education, encouragement, and life skills and spiritual development. Teens nominated through the mentorship program have the opportunity to apply for scholarships for higher learning in college or trade-schools. Upon meeting requirements of the scholarship program, teens have the opportunity to receive up to four years of scholarship funding, up to \$5,000 each year.

The problem of father absence in our society affects each of us and our communities. It is a cycle that, left unchecked, will only continue to grow, locally, nationally, and, indeed, worldwide. This crisis obviously cannot be resolved overnight. But we believe that by impacting these children, one life at a time, we can achieve exponential results. Each life impacted, whether youth, mom, mentor, or volunteer, will affect those in their sphere of influence in a positive way. It will create changed lives changing lives!

Majesty Outdoors is a faith-based non-profit committed to raising awareness and, through mentorship in the outdoors, offering a solution to the fatherless epidemic that is literally pronouncing a death sentence to an entire generation. TideChangers partners with passionate and committed individuals and organizations in local communities to educate, equip, empower, and encourage them in forming TideChanger Mentor Chapters. We walk alongside our community partners to identify, train, and raise up leaders, mentors, and volunteers. We then provide a step-by-step process to equip these TideChangers in building loving, trusting relationships with the fatherless youth and parents in their community.

Our approach to life-change for fatherless youth takes on a holistic approach, realizing that their home environment is a powerful component in this life-change. With that in mind we endeavor to encourage and empower single moms through our "Estrellas" life coaching and life skills enrichment program. This model of relational mentoring and coaching with youth, siblings, and moms truly effects the change that will ultimately impact families and generations to come.

Majesty Outdoors provides all the curriculum and evidence based and results driven training needed to facilitate regular gatherings empowering these incredible young people to learn more about the world around them, instilling hope, and encouraging them to grow to become all that God intends for them to be. And we do all of this **free of charge!** That's how committed Majesty Outdoors is to "shattering the cycle of fatherlessness in our country.

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted (GAAP) in the United States of America.

Financial Statement Presentation

The Organization presents its financial statements in accordance with generally accepted accounting principles for non-profit agencies. Net assets revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or law. The governing board has designated, from net assets without donor restrictions.

With Donor Restrictions

Net assets that are 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 those resources be maintained in perpetuity. When a restriction expires, that is, when a stipulated time restriction ends or when a purpose restriction is accomplished, donor restricted net assets are reclassified to unrestricted net assets in the Statement of Financial Activities. Net assets classified as board-designated (appropriated) are legally unrestricted. Board designated funds consist of \$2,553 which is held for scholarship use in a separate bank account at December 31, 2021.

At December 31, 2021, the Organization has no funds on deposit that are considered restricted by donors for use in 2022; no assets at this time are considered with permanent restrictions.

Support and Revenue

Majesty Outdoors receives its program support and revenues primarily from contributions from individuals, corporate sponsors, and foundation grants, and a minor amount from program fees. Management periodically reviews the collectability of any accounts receivable based on past due status of the underlying invoices and past payment history.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. With the exception of goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (continued)

Support and Revenue (continued)

A portion of our revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Functional Expense and Expense Allocation

Expenses are presented on the Statement of Activities; generally, costs that can be identified with a specific program or supporting service are charged directly to that related program or supporting service. Expenses that benefit, or are associated with, a supporting service other than for the programs are allocated based on percentages estimated by management. The Organization has classified all expenditures as either program, administration, or fund-raising expense on the statement of functional expenses. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, interest, maintenance and repairs, utilities which are allocated on reasonable use basis, i.e., facilities used by the program. Items such as payroll taxes, meetings, education and training, office supplies, technology and telephone, are allocated based on full-time equivalents, salaries and wages, and employee benefits, which are allocated on the basis of estimates of time and effort.

Special fund-raising events are held throughout the year. Direct costs of \$160,004 are the special event cost of facilities, food and entertainment that are presented in the statement of activities as well as the statement of functional expense as "costs of direct benefits to donors". The costs of all other events have been presented as functional expenses in the fund-raising category because the services to participants and complementary items considered benefits to donors ("quid pro quo") associated with attendance at the fund-raising events are considered "de minimus" or have an insignificant value to the donor. Joint costs of approximately \$4,052 for printing, supplies and etc. has been allocated from fund raising costs to programs marketing and promotion.

Use of Estimates

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 and expenditures during the reporting period. Actual results could differ from those estimates.

Income Taxes

The organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which generally range from seven to ten years for furniture, equipment and vehicles and thirty-nine years for buildings. Leasehold improvements are amortized over a three-year lease term.

The cost of repairs and maintenance is charged to operations as incurred; significant renewals and betterments are capitalized.

Compensated Absences

Employees are entitled to three weeks paid time off (PTO) benefits annually. PTO is accrued with each pay cycle and can be carried over on a limited basis. The organization does not accrue a liability for the cost of compensated absences as it is not material to the financial statements.

Contributions and Fundraising

Majesty Outdoors organizes several fundraising events annually. The events feature activities and guest speakers that address the mission and goals of the Organization. Majesty Outdoors utilizes a software called Donor Perfect to keep donors informed of events and to send thank you letters to contributors.

Fair Value of Financial Instruments

The carrying value of the following financial instruments approximate fair value due to the short maturity of the instruments: accounts receivable and accrued liabilities. The carrying amount of a loan payable, based on borrowing rates currently available, approximates carrying value at December 31, 2021.

Concentration of Credit Risk

Financial instruments that potentially subject the organization to concentration of credit risk consist principally of cash equivalents and accounts receivable. Accounting standards identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. At December 31, 2021, the organization's deposits did not exceed federally insured limits.

Functional Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Date of Management Review

Subsequent events have been evaluated through August 11, 2022, the date the financial statements were available to be issued.

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2021

Note 2 – Availability and Liquidity

The following represents the organization’s financial assets on December 31, 2021:

Financial Assets at Year End:

Cash and Cash Equivalents	\$ 35,713
Investments	<u>461,657</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$497,370</u>

The organization relies on contributions and fundraising to pay regular ongoing expenses.

Note 3 -Investments

The organization opened an investment account during 2021. The cost of securities and their approximate fair values as of December 31, 2021 are as follows:

<u>Description</u>	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Equity Mutual Funds	\$408,114	\$6,839	\$414,893
Bond Mutual Fund	<u>47,201</u>	<u>(497)</u>	<u>46,704</u>
Total	<u>\$455,315</u>	<u>\$6,342</u>	<u>\$461,657</u>

Investment income is comprised of the following:

Realized and Unrealized Gains on Investments	\$7,339
Interest and Dividend Income	<u>841</u>
	<u>\$8,180</u>

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;

Level 2, defined as inputs other than quoted prices in active markets that are directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and

Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant value drivers are observable.

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2021

Note 3 -Investments (continued)

All fair values of the organization's investments have been determined using Level 1 inputs.

Note 4: Property and Equipment

Property and equipment at December 31, 2021 are as follows:

Vehicles	\$73,297
Property and Equipment	72,923
Furniture and Fixtures	<u>4,558</u>
	150,778
Less: Accumulated Depreciation	<u>57,729</u>
	<u>\$93,049</u>

Depreciation expense totaled \$5,235 for the year ended December 31, 2021.

Note 5 – Lease Commitment

The organization leases office space under an operating lease. The future minimum lease commitments under the lease are as follows:

Year Ending	
<u>December 31,</u>	
2022	\$22,982
2023	<u>7,723</u>
	<u>\$30,705</u>