

MAJESTY OUTDOORS
Audited Financial Statements
December 31, 2022



MAJESTY OUTDOORS

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Independent Auditor's Report

October 25, 2023

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, 2022, 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, 2022, 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.

A handwritten signature in blue ink that reads "Adamson & Company, LLC". The signature is written in a cursive, flowing style.

Adamson & Company, LLC

MAJESTY OUTDOORS

Statement of Financial Position

December 31, 2022

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 430,485
Cash and Cash Equivalents - Restricted	7,090
Prepaid Expenses	<u>28,000</u>
Total Current Assets	465,575

Noncurrent Assets

Property and Equipment, Net (Note 4)	1,141,830
Right-of-Use Asset Under Operating Lease - Offices (Note 6)	<u>97,456</u>

Total Assets	<u><u>\$1,704,861</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 64,820
Current Portion of Note Payable - Yorktown Property (Note 5)	174,996
Current Portion of Obligation Under Operating Lease - Offices (Note 6)	<u>16,634</u>
Total Current Liabilities	256,450

Long Term Liabilities

Note Payable - Yorktown Property, Less Current Portion (Note 5)	116,672
Long-Term Portion of Obligation Under Operating Lease - Offices (Note 6)	<u>80,822</u>

Total Liabilities	453,944
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Net Assets

Without Donor Restrictions	1,243,827
With Donor Restrictions (Note 7)	<u>7,090</u>

Total Net Assets	<u>1,250,917</u>
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Total Liabilities and Net Assets	<u><u>\$1,704,861</u></u>
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See accompanying notes to financial statements

MAJESTY OUTDOORS

Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Contributions	\$ 795,565	\$ 5,153	\$ 800,718
Special Events	351,290	209,000	560,290
Less: Direct Benefits to Donors	(167,388)	(99,588)	(266,976)
Total Support	979,467	114,565	1,094,032
Revenue			
Investment Income	(35,642)	1,005	(34,637)
Total Revenue	(35,642)	1,005	(34,637)
Net Assets Released from Restrictions (Note 8)	109,412	(109,412)	-
Total Support and Revenue	1,053,237	6,158	1,059,395
Expenses			
Program Expenses	346,745	-	346,745
Support Services	59,230	-	59,230
Total Expenses	405,975	-	405,975
Increase in Net Assets	647,262	6,158	653,420
Net Assets, Beginning of Year	596,565	932	597,497
Net Assets, End of Year	\$ 1,243,827	\$ 7,090	\$ 1,250,917

See accompanying notes to financial statements

MAJESTY OUTDOORS

Statement of Functional Expenses

Year Ended December 31, 2022

	<u>Support Services</u>				<u>Total</u>
	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Direct Costs of Donor Benefits</u>	
Accounting & Professional Fees	\$ 8,386	\$ 11,114	\$ -	\$ -	\$ 19,499
Advertising	14,340	-	-	-	14,340
Depreciation	21,713	2,413	-	-	24,125
Insurance	16,695	-	-	-	16,695
Licenses and Renewals	7,454	-	-	-	7,454
Office Expenses	7,270	9,088	1,818	-	18,176
Rent, Parking and Utilities	28,515	-	-	-	28,515
Salaries and Wages	139,038	20,102	8,376	-	167,516
Payroll Benefits	19,021	2,750	1,146	-	22,917
Payroll Taxes	11,840	1,712	713	-	14,265
Program Operations	32,312	-	-	-	32,312
Repairs and Maintenance	3883	-	-	-	3,883
Scholarships and Donations	21,100	-	-	-	21,100
Training and Conferences	15,178	-	-	-	15,178
Cost of Direct Benefits to Donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,976</u>	<u>266,976</u>
Subtotal	346,745	47,178	12,053	266,976	672,951
Less: Expenses Included with Revenues on the Statement of Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(266,976)</u>	<u>(266,976)</u>
Total Functional Expenses	<u>\$ 346,745</u>	<u>\$ 47,178</u>	<u>\$ 12,053</u>	<u>\$ -</u>	<u>\$ 405,975</u>
	85%	12%	3%		100%

MAJESTY OUTDOORS

Statement of Cash Flows

Year Ended December 31, 2022

Cash Flows from Operating Activities	
Increase in Net Assets	\$ 653,420
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	24,125
Realized Losses on Investments	40,321
Changes in Assets and Liabilities:	
Increase in Prepaid Expenses	(8,848)
Increase in Accounts Payable	52,746
	<u>761,764</u>
Net Cash Provided by Operating Activities	761,764
Cash Flows from Investing Activities	
Purchases of Property and Equipment	(722,906)
Securities Sold	1,154,852
Securities Purchased	(727,140)
Reinvestment of Dividends	(6,376)
	<u>(301,570)</u>
Net Cash Provided by Operating Activities	(301,570)
Cash Flow from Financing Activities	
Principal Payments on Long-Term Debt	<u>(58,332)</u>
Net Cash Used by Investing Activities	<u>(58,332)</u>
Net Increase in Cash	401,862
Beginning Cash	<u>35,713</u>
Ending Cash	<u><u>\$ 437,575</u></u>
Supplemental Disclosures:	
Noncash Investing and Financing Activities:	
Property and Equipment Purchased with Long-Term Debt	<u><u>\$ 350,000</u></u>
A reconciliation of cash and restricted cash reported within the statement of financial position to the total of the same amounts shown in the statement of cash flows is as follows:	
Cash and Cash Equivalents - Unrestricted	\$ 430,485
Cash and Cash Equivalents - Restricted	7,090
	<u><u>\$ 437,575</u></u>

See accompanying notes to financial statements

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2022

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.

In July of 2022, Majesty Outdoors purchased an 8.57-acre property in the Flour Bluff area of Corpus Christi, Tx that will be known as The Garden Commission. The property has a large building that is currently undergoing extensive repairs. Once complete, the building will have space for local TideChanger and Estrellas programs as well as a center to train and equip mentors and volunteers and support future growth of the Organization.

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

Nature of Activities (continued)

The building will also house a vocational area to teach the art and science of home management. The acreage of the property will be used for multiple outdoor activities including kayaking, fishing, equine activities, rope courses, farming, gardening, and marketing the produce to teach valuable business skills to the participants in the programs. The overall goal of the Garden Commission is preparing families and children to live a life that honors God and encompasses everything Majesty Outdoors values.

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.

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 \$53 which is held for scholarship use in a separate bank account at December 31, 2022.

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.

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

Support and Revenue (continued)

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.

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 \$266,976 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 \$12,053 for printing, supplies and etc. has been allocated from fund raising costs to programs marketing and promotion.

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.

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

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.

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.

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, 2022.

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, 2022, the organization's deposits exceed federally insured limits by \$187,575.

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

Date of Management Review

Subsequent events have been evaluated through October 25, 2023, the date the financial statements were available to be issued.

Note 2 – Availability and Liquidity

The following represents the organization’s financial assets on December 31, 2022:

Financial Assets at Year End:

Cash and Cash Equivalents	\$ <u>437,575</u>
Financial Assets Available to Meet General Expenditures Within One Year	\$ <u>437,575</u>

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

Note 3 -Investments

The organization opened an investment account during 2021. During 2022, the Organization opted to close the investment account and prepare to move the funds into certificates of deposit. The funds were transferred into the Organization’s operating bank account and then later invested into certificates of deposit in early 2023.

Investment income is comprised of the following:

Realized Loss on Investments	\$(38,210)
Interest and Dividend Income	<u>2,568</u>
	<u>\$(35,642)</u>

Note 4: Property and Equipment

Property and equipment at December 31, 2022 are as follows:

Land	\$162,059
Buildings	442,957
Construction in Progress – Yorktown Property	466,429
Vehicles	73,297
Property and Equipment	74,385
Furniture and Fixtures	<u>4,558</u>
	1,223,684
Less: Accumulated Depreciation	<u>81,855</u>
	<u>\$1,141,830</u>

Depreciation expense totaled \$24,125 for the year ended December 31, 2022.

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2022

Note 5 – Note Payable – Yorktown Property

In July 2022, the organization entered into an agreement to purchase real property, consisting of land and building, in the Flour Bluff area of Corpus Christi, Texas. The purchase price was \$600,000, with a \$250,000 cash payment and seller financing of \$350,000. The financing agreement requires 24 monthly payments of \$14,583 commencing in September 2022 through August 2024 at no interest. Future maturities consist of \$174,996 due during 2023 with the remaining \$116,672 due during 2024.

Note 6 – Lease Commitment

New Accounting Standard - Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* intended to improve financial reporting regarding leasing transactions. The new standard affects all organizations that lease assets. The standard will require organizations to recognize on the statement of financial condition the assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative and quantitative disclosures providing additional information about the amounts recorded in the financial statements. This standard was implemented effective fiscal years beginning after December 15, 2021. The effect of implementation was to establish right-to-use assets of \$80,822 and related lease obligations of \$80,822.

The Company has elected to use a risk-free discount rate of 3% to measure the lease liability at the present value of the lease payment not yet paid on the office space facility.

Leasing Arrangements

Majesty Outdoors leases a ground floor office space from a third party in downtown Corpus Christi at 555 N. Carancahua in Suite 130. The facility was leased under a three-year operating lease that commenced May 1, 2020 and ended April 30, 2023. The organization decided to extend and amend the lease commencing on March 1, 2023 through February 28, 2028. The lease amendment provided for the relocation of the office space from Suite 130 to Suite 100.

At December 31, 2022, maturities for operating lease liabilities for facilities are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Office Space</u>
2023	\$ 19,331
2024	19,916
2025	20,369
2026	20,922
2027	21,475
Thereafter	<u>3,595</u>
Total Payments	105,507
Less: Interest	<u>(8,051)</u>
Present Value of Lease Liability	<u>\$ 97,456</u>

Operating lease expense for the year ended December 31, 2022, is \$19,898.

MAJESTY OUTDOORS
Notes to Financial Statements
December 31, 2022

Note 7 – Donor Restricted Net Assets

Net Assets with donor restrictions at December 31, 2022, are available for the following purposes:

Special Events	\$8,230
Scholarships	<u>53</u>
Total	<u>\$8,283</u>

Note 8 – Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes by donors as follows:

Garden Commission – New Roof	\$119,250
Garden Commission – Windows and Doors	<u>89,750</u>
Subtotal	209,000
Less: Direct Benefits to Donors	<u>(99,588)</u>
Net Assets Released from Restrictions	<u>\$109,412</u>