MUST MINISTRIES, INC.

FINANCIAL REPORT

JUNE 30, 2022

MUST MINISTRIES, INC.
FINANCIAL REPORT
JUNE 30, 2022

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
MUST Ministries, Inc.
Marietta, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **MUST Ministries, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 MUST Ministries, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 MUST Ministries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 MUST Ministries, Inc.'s ability to continue as a going concern within one year after the date that the consolidated 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 and *Government 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 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 and *Government 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 MUST Ministries, 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 MUST Ministries, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022, on our consideration of MUST Ministries, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MUST Ministries, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MUST Ministries, Inc.'s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 11, 2022

MUST MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS		2022		2021
CURRENT ASSETS				
Cash and cash equivalents	$	**4,524,669**	$	3,065,419
Restricted cash - board designated		**1,177,087**		-
Restricted cash - donor restricted		**8,409,288**		10,665,169
Grants and contracts receivable		**977,647**		2,188,323
Promises to give		**136,776**		471,945
Other receivables		**980,993**		6,556
Inventories		**723,960**		444,525
Prepaid expenses		**418,111**		89,492
Total current assets		**17,348,531**		16,931,429
NONCURRENT ASSETS				
Promises to give, net		**67,950**		220,124
Investments		**184,470**		225,474
Security deposits		**39,583**		18,583
Total noncurrent assets		**292,003**		464,181
PROPERTY AND EQUIPMENT, NET		**20,986,924**		15,126,551
Total assets	**$**	**38,627,458**	$	32,522,161

LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	**$**	**373,341**	$	376,699
Accrued liabilities		**495,438**		332,180
Short-term debt		**37,475**		1,100,714
Total current liabilities		**906,254**		1,809,593
LONG-TERM LIABILITIES				
Deferred revenue		**726,517**		115,839
Long-term debt, less current portion and unamortized debt issuance costs		**1,732,600**		1,201,333
Total long-term liabilities		**2,459,117**		1,317,172
Total liabilities		**3,365,371**		3,126,765
NET ASSETS				
Without donor restrictions				
Undesignated		**25,465,413**		18,008,532
Designated by the board		**1,177,087**		-
Total without donor restrictions		**26,642,500**		18,008,532
With donor restrictions		**8,619,587**		11,386,864
Total net assets		**35,262,087**		29,395,396
Total liabilities and net assets	**$**	**38,627,458**	$	32,522,161

See Notes to Financial Statements.

MUST MINISTRIES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	$ 5,280,875	$ 1,060,108	$ 6,340,983
Capital campaign grants and contributions	-	3,655,893	3,655,893
Grants	14,036,535	1,123,698	15,160,233
Program fees	100,158	-	100,158
In-kind contributions	6,744,454	-	6,744,454
Special events, net of direct benefits to donors	595,094	-	595,094
Realized and unrealized gain on investments	(37,095)	-	(37,095)
Other auxiliary sales and fees	659,805	-	659,805
Net assets released from restrictions			
Satisfaction of program and time restrictions	8,606,976	(8,606,976)	-
Total revenues, gains, and other support	35,986,802	(2,767,277)	33,219,525
EXPENSES			
Program services	27,393,664	-	27,393,664
Supporting services			
Management and general	1,342,122	-	1,342,122
Fundraising	1,193,017	-	1,193,017
Total expenses	29,928,803	-	29,928,803
OTHER INCOME			
Gain on involuntary disposal	1,028,699	-	1,028,699
Gain on disposal of fixed assets	139,314	-	139,314
Employer retention credit	1,407,956	-	1,407,956
Total other income	2,575,969	-	2,575,969
Change in net assets	8,633,968	(2,767,277)	5,866,691
Net assets, beginning of year	18,008,532	11,386,864	29,395,396
Net assets, end of year	$ 26,642,500	$ 8,619,587	$ 35,262,087

See Notes to Financial Statements.

MUST MINISTRIES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	$ 4,671,172	$ 1,783,381	$ 6,454,553
Capital campaign contributions	-	6,383,654	6,383,654
Contributions - PPP	618,300	-	618,300
Grants	4,745,951	4,198,610	8,944,561
Program fees	118,453	-	118,453
In-kind contributions	4,072,251	-	4,072,251
Special events, net of direct benefits to donors	452,493	-	452,493
Realized and unrealized gain on investments	55,510	-	55,510
Other income	345,746	-	345,746
Net assets released from restrictions			
Satisfaction of program and time restrictions	6,229,824	(6,229,824)	-
Total revenues, gains, and other support	21,309,700	6,135,821	27,445,521
EXPENSES			
Program services	15,316,860	-	15,316,860
Supporting services			
Management and general	980,437	-	980,437
Fundraising	973,125	-	973,125
Total expenses	17,270,422	-	17,270,422
Change in net assets	4,039,278	6,135,821	10,175,099
Net assets, beginning of year	13,969,254	5,251,043	19,220,297
Net assets, end of year	$ 18,008,532	$ 11,386,864	$ 29,395,396

See Notes to Financial Statements.

MUST MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

		Supporting Services		
	Program Services	Management and General	Fund-Raising	Totals
Salaries and related expenses	$ 5,765,539	$ 914,558	$ 845,105	$ 7,525,202
Professional fees	385,940	100,680	64,428	551,048
Insurance	115,150	11,222	13,326	139,698
Memberships, subscriptions, and registrations	21,472	14,269	7,695	43,436
Advertising	13,881	40,943	840	55,664
Supplies	424,261	16,861	12,618	453,740
Food for direct services	477,761	-	-	477,761
Postage and shipping	13,439	6,485	10,138	30,062
Occupancy expenses	416,870	34,724	20,008	471,602
Supportive housing rent, utilities, and financial assistance	12,529,088	24,614	12,744	12,566,446
Repair and maintenance	295,162	13,927	7,951	317,040
Licenses and taxes	452	-	250	702
Venue and equipment rental	45,120	743	1,129	46,992
Non-capitalized furniture, fixtures, and equipment	78,529	49,334	48,020	175,883
Printing and copying	64,161	32,941	27,833	124,935
Travel and transportation	77,297	5,931	10,158	93,386
Meals and entertainment	23,139	6,684	17,241	47,064
Interest expense	19,887	10,071	3,103	33,061
Bank and credit card fees	32,002	11,794	52,394	96,190
Other expenses including bad debt expense	13,685	10,946	8,630	33,261
Donated materials and services	6,099,805	17,512	16,547	6,133,864
Total expenses before depreciation	26,912,640	1,324,239	1,180,158	29,417,037
Depreciation	481,024	17,883	12,859	511,766
Total expenses	$ 27,393,664	$ 1,342,122	$ 1,193,017	$ 29,928,803

See Notes to Financial Statements.

MUST MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

		Supporting Services		
	Program Services	Management and General	Fund-Raising	Totals
Salaries and related expenses	$ 4,714,526	$ 664,682	$ 653,914	$ 6,033,122
Professional fees	468,114	90,629	49,667	608,410
Insurance	88,558	7,941	7,402	103,901
Memberships, subscriptions, and registrations	27,046	16,350	4,788	48,184
Advertising	13,864	7,678	11,211	32,753
Supplies	337,691	11,237	3,908	352,836
Food for direct services	583,509	2,481	-	585,990
Postage and shipping	11,408	3,676	8,843	23,927
Occupancy expenses	312,200	25,381	15,390	352,971
Supportive housing rent, utilities, and financial assistance	3,986,389	13	-	3,986,402
Repair and maintenance	339,714	17,185	10,056	366,955
Licenses and taxes	329	187	18	534
Venue and equipment rental	50,440	676	2,812	53,928
Non-capitalized furniture, fixtures, and equipment	103,618	30,146	32,140	165,904
Printing and copying	52,336	10,173	40,006	102,515
Travel and transportation	49,137	6,866	2,169	58,172
Meals and entertainment	10,017	4,164	5,405	19,586
Interest expense	10,485	2,803	1,640	14,928
Bank and credit card fees	38,294	11,205	44,412	93,911
Other expenses including bad debt expense	6,668	24,379	-	31,047
Donated materials and services	3,756,772	8,000	60,044	3,824,816
Total expenses before depreciation	14,961,115	945,852	953,825	16,860,792
Depreciation	355,745	34,585	19,300	409,630
Total expenses	$ 15,316,860	$ 980,437	$ 973,125	$ 17,270,422

See Notes to Financial Statements.

MUST MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

		2022		2021
OPERATING ACTIVITIES				
Change in net assets	**$**	**5,866,691**	$	10,175,099
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		**511,766**		409,630
Gain on disposal of property and equipment		**(139,314)**		-
Gain on involuntary disposal		**(1,028,699)**		-
Realized and unrealized loss (gain) on investments		**37,095**		(55,510)
Bad debt expense		**7,362**		9,824
Interest on loan costs		**4,641**		4,641
Contribution from forgiveness of PPP loan		**-**		(618,300)
Donated property and equipment		**(270,000)**		(130,000)
(Increase) decrease in:				
Grants and contracts receivable		**1,210,676**		(1,442,379)
Promises to give		**479,981**		(16,244)
Other receivables		**(974,437)**		(6,556)
Inventories		**(279,435)**		(135,824)
Prepaid expenses		**(328,619)**		29,613
Security deposits		**(21,000)**		(1,000)
Increase (decrease) in:				
Accounts payable		**(3,358)**		109,328
Accrued liabilities		**163,258**		64,773
Deferred revenue		**610,678**		3,721
Net cash provided by operating activities		**5,847,286**		8,400,816
INVESTING ACTIVITIES				
Purchase of property and equipment		**(8,265,575)**		(3,070,049)
Proceeds from sale of property and equipment		**3,331,449**		-
Reinvested earnings on investments		**3,909**		3,761
Net cash (used in) investing activities		**(4,930,217)**		(3,066,288)
FINANCING ACTIVITIES				
Payments on long-term debt		**(536,613)**		(447,499)
Net cash (used in) financing activities		**(536,613)**		(447,499)
Increase in cash and cash equivalents		**380,456**		4,887,029
Cash and cash equivalents, beginning of year		**13,730,588**		8,843,559
Cash and cash equivalents, end of year	**$**	**14,111,044**	$	13,730,588
Cash and cash equivalents, end of year				
Cash and cash equivalents	**$**	**4,524,669**	$	3,065,419
Restricted cash - board designated		**1,177,087**		-
Restricted cash - donor restricted		**8,409,288**		10,665,169
	$	**14,111,044**	$	13,730,588
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	**$**	**28,245**	$	14,928
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES				
Donated property and equipment	**$**	**270,000**	$	130,000

See Notes to Financial Statements.

NOTE 1. ORGANIZATION

Now over 51 years old, MUST Ministries, Inc. ("MUST" or "Organization") began operations in 1971 as part of Urban Action, Inc. of Atlanta, GA. MUST was incorporated as a separate entity on January 20, 1993, pursuant to the Georgia Nonprofit Corporation Code. The mission of MUST is Serving our Neighbors in Need . . . transforming lives and communities in response to Christ's call. The Organization provides comprehensive, yet tailored solutions for individuals and families in poverty, which help to remove barriers of housing, clothing, and food insecurities, as well as assist in finding employment. MUST assists clients by helping to restore and maintain dignity, with the intent of empowering those it serves with a return to living independently. MUST provides services in 10 counties and has offices or facilities located in Marietta, Smyrna, and Canton, Georgia.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by MUST are set forth below.

Basis of Accounting

The financial statements of MUST have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

MUST presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Financial Statements of Not-for-Profit Entities* presentation and disclosure guidance. Under this guidance, MUST is required to report information regarding its financial position and activities according to two categories of net assets, as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, $1,177,087 in net assets designated by the board.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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. There were $8,619,587 and $11,386,864 of net assets with donor restrictions as of June 30, 2022 and 2021, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, MUST considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Grants and Contracts Receivable

Grants and contracts receivable are stated at unpaid balances, less an allowance for doubtful accounts. MUST provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of contractors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is MUST's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected and no allowance for doubtful accounts is determined to be needed. There were no grant or contract allowance for doubtful accounts at June 30, 2022 and 2021.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Promises to give, less an allowance for uncollectible amounts, are discounted to reflect the time value of money. Contributions are considered available for general use unless specifically restricted by the donor.

Investments

In accordance with FASB, investments in equity securities with readily determinable fair values and all investments in debt securities shall be measured at fair value in the statement of financial position. Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur, and investment income is recognized as revenue in the period earned. Gains and investment income that are limited to specific uses by donor-restrictions are reflected as increases in net assets without donor restrictions, if the restrictions are met in the same reporting period.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at the fair market value on the date the asset is donated. Depreciation is computed over the estimated useful lives of these assets (5 to 40 years) using the straight-line method. Repairs and maintenance are charged to operations when incurred. Betterments and renewals in excess of $1,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation are removed, and any gain or loss is included in operations.

MUST reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Inventory

Donated food and clothing items are recorded in inventory and recognized as in-kind support at the time of donation and expense upon distribution to MUST’s clients. Donated food and clothing inventory is recorded at the estimated fair market value using an industry standard valuation.

Revenue Recognition

In accordance with FASB, unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions and investment income are available for general use unless specifically restricted by the donor. Amounts received and investment income earned that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

MUST records the value of donated property, goods or services when there is an objective basis available to measure their value. Donated property, materials and equipment are reflected as in-kind contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statement of activities and changes in net assets for volunteer services because the criteria for recognition of such volunteer effort under FASB guidance have not been satisfied. Nevertheless, volunteers have donated over 70,000 hours of their time to the program services of MUST.

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grants and Contracts Support

MUST is funded, in part, by contracts with various federal, state, and local government agencies and other nonprofit agencies. These contracts are generally cost reimbursement contracts for specific expenses and require MUST to perform specific services to eligible populations. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by MUST with the terms of the contracts.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Presentation

As defined by FASB, fair value is 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. In determining fair value, MUST uses various methods including market, income, and cost approaches. Based on these approaches, MUST often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. MUST utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, MUST is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Presentation (Continued)

For the fiscal years ended June 30, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy expenses and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional fees, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

MUST Ministries, Inc. qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is generally exempt from federal income taxes under Internal Revenue Code Section 501(a). It is however, required to file Federal Form 990 – Return of Organization Exempt from Income Tax. This is an informational return only. Accordingly, no provision for income taxes is made in the financial statements. Management evaluated MUST's tax positions and concluded that they have taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions on accounting for uncertainty in income taxes.

Recently Issued Accounting Pronouncements

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. For the year ending June 30, 2022, MUST adopted ASU 2020-07 and has adjusted the presentation in these financial statements accordingly. This adjustment did not have an effect on total net assets or the change in total net assets for 2022 or 2021.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2021. MUST is assessing the impact the new guidance will have on its financial statements.

NOTE 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, June 30, 2022 and 2021, respectively, comprise the following:

	2022	2021
Cash and cash equivalents	**$ 4,524,669**	$ 3,065,419
Grants and contracts receivable	**977,647**	2,188,323
Promises to give	**136,726**	4,400
	$ 5,639,042	$ 5,258,142

MUST structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the year, MUST anticipates covering its general expenditures by collecting sufficient contributions and grants and by utilizing donor-restricted resources from current and prior years' gifts.

NOTE 4. INVESTMENTS HELD AT THE COMMUNITY FOUNDATION

The following tables set forth by level, within the fair value hierarchy, MUST's investments at fair value as of June 30, 2022:

	Level 1	**Level 2**	**Level 3**	**Total**
Pooled Investment at Community Foundation	**$ -**	**$ 184,470**	**$ -**	**$ 184,470**
Total	**$ -**	**$ 184,470**	**$ -**	**$ 184,470**

MUST's investments at fair value as of June 30, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
Pooled Investment at Community Foundation	$ -	$ 225,474	$ -	$ 225,474
Total	$ -	$ 225,474	$ -	$ 225,474

The Cobb Community Foundation ("Community Foundation") holds a donor-established advised fund ("Fund") for the benefit of MUST. Under the terms of the agreement establishing the Fund, the principal is intended to be an endowment held in perpetuity and the earnings from the Fund are to be made available to MUST to support its general operations. The agreement granted variance power to the Community Foundation. Thus, the Fund is owned by the Community Foundation, and the Community Foundation has final authority and control over the disposition of the assets and earnings of the Fund. The total amount of the funds held at the Community Foundation at June 30, 2022 and 2021 was $284,470 and $325,474, respectively. This amount includes earnings and contributions in the amount of $184,470 and $225,474 made by MUST which are reflected in the statement of financial position of MUST at June 30, 2022 and 2021, respectively.

It is the intention of the Board and management of MUST, to leave the contributions as part of the perpetual endowment, but MUST reserves the right to recover the funds in the future if MUST has the need for the funds. MUST has not recognized its potential for future distributions from the assets held in the Fund. Those distributions, if they occur, will be recognized as contributions when received or unconditionally promised.

NOTE 5. PROMISES TO GIVE

MUST receives capital contributions, both cash and promises to give, to allow for the acquisition and build-out of facilities to support the operations of MUST.

Promises to give consisted of the following at June 30, 2022:

	Operating	Capital	Total
Current	**$ 125**	**$ 136,651**	**$ 136,776**
Due in one to five years	**-**	**73,598**	**73,598**
	125	**210,249**	**210,374**
Less allowance for uncollectible promises to give	**-**	**(4,208)**	**(4,208)**
Less time value discount	**-**	**(1,440)**	**(1,440)**
Promises to give, net	**$ 125**	**$ 204,601**	**$ 204,726**

Promises to give consisted of the following at June 30, 2021:

	Operating	Capital	Total
Current	$ 4,400	$ 467,545	$ 471,945
Due in one to five years	-	254,150	254,150
	4,400	721,695	726,095
Less allowance for uncollectible promises to give	-	(29,046)	(29,046)
Less time value discount	-	(4,980)	(4,980)
Promises to give, net	$ 4,400	$ 687,669	$ 692,069

Promises to give are discounted using a discount rate of 2% for both the years ended June 30, 2022 and 2021.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment, net, consists of the following as of June 30:

	2022	2021
Vehicles	**$ 820,299**	$ 410,753
Equipment	**1,821,150**	984,048
Land	**2,467,971**	3,353,432
Buildings and improvements	**17,613,306**	10,689,040
Construction in progress	**524,493**	3,641,794
	23,247,219	19,079,067
Less accumulated depreciation	**(2,260,295)**	(3,952,516)
Property and equipment, net	**$ 20,986,924**	$ 15,126,551

Depreciation expense for the years ended June 30, 2022 and 2021 was $511,766 and $409,630, respectively.

During the year ended June 30, 2022 a portion of a building owned by MUST was involuntarily disposed of as a result of a fire. MUST was reimbursed via insurance for the fair value of the involuntarily disposed assets. As a result, MUST recorded a gain on involuntary disposal of $1,028,699 included in the statement of activities.

NOTE 7. VACATION AND ESSENTIAL DAYS PAYABLE

Employees earn vacation and essential day leave depending on years of service. Accrued vacation is paid upon an employee's termination. Accrued essential days off is not paid upon employee termination and therefore has not been accrued at year-end. Liabilities for accumulated leave of $247,622 and $221,361 are included in the statement of financial position with accrued liabilities at June 30, 2022 and 2021, respectively.

NOTE 8. 403(b) THRIFT PLAN

MUST provides a 403(b) thrift plan which covers all eligible employees. Employees can make salary reduction contributions, and MUST may make matching contributions. Employees are eligible to participate in the salary reduction contributions after 30 days of employment and are eligible for an employer match after one year of employment. MUST matches 100% of the first 4% of salary reduction. MUST's contributions totaled $66,822 and $55,473 for the years ended June 30, 2022 and 2021, respectively.

NOTE 9. CONCENTRATIONS

MUST maintains deposit accounts at various banks which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. MUST has the majority all cash deposited in one financial institution, a concentration that comprised approximately 68% and 79% of the cash balance at June 30, 2022 and 2021, respectively. Cash balances were in excess of the FDIC insured level by $9,985,061 and $3,456,723 as of June 30, 2022 and 2021, respectively. Management does not believe it is exposed to significant credit risk on cash and cash equivalents.

NOTE 10. COMMITMENTS

MUST had various operating leases in effect during the years ended June 30, 2022 and 2021. Rent expense for the years ended June 30, 2022 and 2021 was $495,755 and $348,865, respectively. The leases include rental of office space, warehouse space, and residential apartments. Future minimum lease payments over the remaining lease terms total $276,715 for the year ending June 30, 2022.

NOTE 11. LONG-TERM DEBT

In fiscal year 2018 MUST entered into a loan agreement to purchase a building located at 1280 Field Parkway to serve as a centralized donation center. The loan agreement provides a maximum principal amount of $1,394,000. The loan carried an interest rate of 2.07% at June 30, 2022 and 2021. Principal and interest of $5,201 is paid monthly starting November 2017. The loan agreement is set to expire on October 1, 2047. The loan is collateralized by the facility at 1280 Field Parkway. The principal balance outstanding on the loan was $1,226,635 and $1,263,248 at June 30, 2022 and 2021, respectively. MUST solicited funding from donors through a capital fund-raising campaign to support the project.

NOTE 11. LONG-TERM DEBT (Continued)

In fiscal year 2018 MUST entered into a loan agreement to purchase land located at 1260 Cobb Parkway for a future programmatic facility. The loan agreement provides a maximum principal amount of $2,214,000. The loan carried an interest rate of 1.33% at June 30, 2022 and 2021. Principal of $250,000 is to be paid annually starting in December 2017. The loan was collateralized by the land at 1260 Cobb Parkway. The principal balance outstanding on the loan was $564,000 and $1,064,000 at June 30, 2022 and 2021. The loan carried an interest rate of 1.33% at June 30, 2021. MUST solicited $1,000,000 of conditional funding from a local government agency to support the project.

Scheduled maturities on long-term debt are as follows:

For the year ending June 30,

2023	$	37,475
2024		602,252
2025		39,044
2026		39,853
2027		40,679
Thereafter		1,031,332
		1,790,635
Less unamortized debt issuance costs		(20,560)
Total	$	1,770,075

NOTE 12. LINES OF CREDIT

On January 3, 2020, MUST entered into a revolving line of credit of $1,100,000 with a financial institution to provide financing to maintain day-to-day operating activity. The line of credit bears interest at the U.S. prime rate as published in The Wall Street Journal (5.5% at June 30, 2022) and matures in January 2023. MUST had no outstanding borrowings on the line of credit as of June 30, 2022 and 2021. The line is collateralized by the facility at 111 Brown Industrial Parkway, Canton, GA.

On January 3, 2020, MUST also entered into a revolving line of credit of $1,000,000 with a financial institution to provide financing to maintain day-to-day operating activity. The line of credit bears interest at the U.S. prime rate as published in The Wall Street Journal (5.5% at June 30, 2022) and matures in January 2023. MUST had no outstanding borrowings on the line of credit as of June 30, 2022 and 2021. The line is collateralized by the facility at 1407 Cobb Parkway, Marietta, GA.

In March 2020, MUST renewed a line of credit of $220,000 with a financial institution to provide financing to maintain day-to-day operating activity. The line of credit bears interest at the financial institution’s prime rate (5.5% at June 30, 2022) and matures in March 2023. MUST had no outstanding borrowings on the line of credit as of June 30, 2022 and 2021. The line is collateralized by the facility at 460 Pat Mell Road and the Organization's receivables.

NOTE 13. IN-KIND CONTRIBUTIONS

In-kind contributions were received as follows for the year ended June 30:

	2022	2021
Food and meals	$ 4,760,553	$ 2,773,211
Clothing	761,894	287,656
Program supplies and services	1,163,152	1,011,384
Special events supplies and services	58,855	-
	$ 6,744,454	$ 4,072,251

MUST recognized contributed nonfinancial assets within revenue, including contributed food and meals, clothing, supplies, and professional services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed clothing, food and meals were used in program support. Contributed supplies and professional services were used in program and general and administrative support.

In valuing contributed food and meals, clothing, supplies, and services, MUST estimated the fair value based on established value for comparable goods by national organizations. In valuing contributed services, MUST estimated fair value based on current rates for similar services.

NOTE 14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at June 30:

	2022	2021
Subject to expenditure for specified purpose:		
Capital campaign	$ 5,014,007	$ 6,726,992
Promises to give, restricted for capital	210,299	721,695
Summer lunch program	84,041	17,578
Food and Neighborhood Pantry	211,451	387,936
Clinic	34,068	22,418
Housing	39,706	54,647
Homeless families	2,919,111	3,353,839
Capital projects	2,024	93,192
Other programs	104,880	8,567
	$ 8,619,587	$ 11,386,864

Net assets with donor restrictions consist of the following at June 30:

	2022	2021
Cash	$ 8,409,288	$ 10,665,169
Promises to give	210,299	721,695
	$ 8,619,587	$ 11,386,864

NOTE 15. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2022 and 2021 by incurring expenditures satisfying the restricted purposes specified by donors as follows:

	2022	2021
Satisfaction of purpose restrictions:		
Capital campaign	**$ 6,090,573**	$ 2,989,893
Summer lunch program	**209,248**	220,848
Food and Neighborhood Pantry	**938,951**	1,401,481
Clinic	**156,391**	216,961
Housing	**224,856**	323,467
Shelter operations	**228,889**	146,161
Capital projects	**166,777**	161,850
Other programs	**591,291**	769,163
	$ 8,606,976	$ 6,229,824

NOTE 16. EMPLOYEE RETENTION CREDIT

MUST was eligible for and participated in the Employee Retention Credit program initially established under the CARES ACT of 2020. This credit is based on qualifying wages paid to employees and is received through a reduction of federal employment tax. The company has claimed through the original and amended quarterly Form 941 returns credits totaling $1,407,956, including $48,264 of interest income. This income has been recognized on the statements of activities and changes in net assets for the year ended June 30, 2022. As of June 30, 2022, $426,963, including $17,486 of interest income, of these credits have been received and the balance of $980,993, including $30,778 of accrued interest, is included in other receivables on the statement of financial position at June 30, 2022.

NOTE 17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 11, 2022, the date the financial statements were available to be issued.

SINGLE AUDIT SECTION

MUST MINISTRIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Programs	Federal Assistance Listing	Expenditures
MAJOR PROGRAMS		
U.S. DEPARTMENT OF TREASURY		
Cobb County:		
COVID-19 Emergency Rental Assistance Program	21.023	$ 4,537,698
Cherokee County:		
COVID-19 Emergency Rental Assistance Program	21.023	4,649,779
		9,187,477
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		
Cobb County:		
Emergency Solutions Grants Program (ES21-E21CJ, ES22-E22CJ)	14.231	61,746
COVID-19 Emergency Solutions Grants Program (ESGCV1: EC20C-E, EC20M-E, EC20I-H, ESGCV2: EV20E-E, EV20M-E, EV20-U-H)	14.231	292,853
Georgia Department of Community Affairs:		
Emergency Solutions Grants Program (20C249, 20C250, 21C159, 21C160)	14.231	86,363
COVID-19 Emergency Solutions Grants Program (20C165, 20C174, 20C187, 20C200, 21C135)	14.231	2,803,263
		3,244,225
TOTAL MAJOR PROGRAMS		$ 12,431,702
NON MAJOR PROGRAMS		
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		
Continuum of Care Program	14.267	$ 737,591
Georgia Department of Community Affairs:		
Continuum of Care Program (GA0168L4B012011, GA0170L4B062011, GA0217L4B012009)	14.267	310,473
		1,048,064
CDBG - Entitlement Grants Cluster		
Cobb County:		
Community Development Block Grant (CD21-C21CJ-P, CD22-C22CJ-F, CD22- C22CJ-P)	14.218	346,844
COVID-19 Community Development Block Grant (CV20-V20CJ-P)	14.218	9,296
COVID-19 Community Development Block Grant (CD20-C20LA-P)	14.218	596,652
COVID-19 Community Development Block Grant	14.218	150,662
Cherokee County:		
COVID-19 Community Development Block Grant (CDCV20-MUST)	14.218	139,276
COVID-19 Community Development Block Grant (CDCV20-CVMER)	14.218	90,924
City of Marietta:		
COVID-19 Community Development Block Grant (518.92-48MUSTCV)	14.218	60,756
		1,394,410
Cobb County:		
HOME Investment Partnerships Program (H20CJ, H21CJ)	14.239	203,985

MUST MINISTRIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2022

Programs	Federal Assistance Listing	Expenditures
NON MAJOR PROGRAMS (Continued)		
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES		
Cobb County:		
Community Services Block Grant (CSBG-21-C21L, CSBG-22-C22L)	93.569	93,822
COVID-19 Community Services Block Grant (CSBG-20-C20T)	93.569	12,728
		106,550
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Cobb County:		
Emergency Food and Shelter Program	97.024	25,000
COVID-19 Emergency Food and Shelter Program	97.024	65,000
Cherokee County:		
Emergency Food and Shelter Program	97.024	19,575
		109,575
TOTAL NON MAJOR PROGRAMS		2,862,584
TOTAL FEDERAL AWARDS		$ 15,294,286

The accompanying notes are an integral part of this schedule.

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of MUST Ministries, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
MUST Ministries, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of MUST Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 11, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MUST Ministries, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MUST Ministries, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of MUST Ministries, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MUST Ministries, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 11, 2022

MAULDIN
& JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
MUST Ministries, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited MUST Ministries, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of MUST Ministries, Inc.'s major federal programs for the year ended June 30, 2022. MUST Ministries, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, MUST Ministries, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of MUST Ministries, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of MUST Ministries, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to MUST Ministries, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MUST Ministries, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about MUST Ministries, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 MUST Ministries, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of MUST Ministries, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of MUST Ministries, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 11, 2022

MUST MINISTRIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS:
Financial Statements:

Type of auditors' report issued	**Unmodified**	
	Yes	**No**
Internal control over financial reporting:		
Material weaknesses identified?		**X**
Significant deficiencies identified not considered to be material weaknesses?		**None reported**
Noncompliance material to the financial statements noted?		**X**

Federal Awards:

Internal controls over major programs:		
Material weaknesses identified?		**X**
Significant deficiencies identified not considered to be material weaknesses?		**None reported**
Type of auditors' report issued on compliance for major programs	**Unmodified**	
Audit findings required to be reported in accordance with 2 CFR Section 200.516(a)	**No**	

Identification of major programs:

U.S. Department of Treasury Emergency Rental Assistance	**21.023**	
U.S. Department of Housing and Urban Development Emergency Solutions Grants Program	**14.231**	
Dollar threshold used to distinguish between type A and type B programs	**$ 750,000**	
	Yes	**No**
Auditee qualified as low-risk auditee?	**X**	
Financial statement findings?		**X**
Findings and questioned costs for Federal awards?		**X**

Section II – Financial Statement Findings

None Reported

Section III - Findings and Questioned Costs for Federal Awards

None Reported

Section II – Financial Statement Findings

None Reported

Section III - Findings and Questioned Costs for Federal Awards

None Reported