



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Advocates International, Inc.

Opinion

We have audited the accompanying financial statements of Advocates International, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advocates International, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Advocates International, 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 Advocates International, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures



include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Advocates International, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Advocates International, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Manassas, VA
April 28, 2022

Advocates International, Inc.
Statement of Financial Position
At December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash	\$ 265,560	\$ 235,195
Accounts Receivable	-	250
Investments	51,150	52,325
Total Current Assets	316,710	287,770
Property and Equipment		
Equipment	11,504	11,504
Accumulated Depreciation	(10,842)	(9,982)
Net Property and Equipment	662	1,522
Other Assets		
Video Production in Progress	193,640	193,640
Total Other Assets	193,640	193,640
Total Assets	\$ 511,012	\$ 482,932
Liabilities and Net Assets		
Current Liabilities		
Current Portion of Long Term Debt	\$ 988	\$ 967
Total Current Liabilities	988	967
Long Term Debt	-	37,388
Total Liabilities	988	38,355
Net Assets		
Without Donor Restrictions	463,005	401,773
With Donor Restrictions	47,019	42,804
Total Net Assets	510,024	444,577
Total Liabilities and Net Assets	\$ 511,012	\$ 482,932

See Notes to Financial Statements

Advocates International, Inc.
Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions	\$ 328,790	\$ 11,045	\$ 339,835
Holding Gain(Loss) on Investments	(302)	-	(302)
Other Income (Expense)	1,447	-	1,447
Net Assets Released from Restriction	<u>6,830</u>	<u>(6,830)</u>	<u>-</u>
Total Revenues, Gains and Other Support	336,765	4,215	340,980
Expenses			
Program	286,541	-	286,541
Supporting Services			
General and Administrative	1,930	-	1,930
Fundraising	<u>23,865</u>	<u>-</u>	<u>23,865</u>
Total Expenses	312,336	-	312,336
Other Income (Expense)			
Interest/Dividend Income	211	-	211
PPP Loan Forgiveness	36,400	-	36,400
Capital Gains	<u>192</u>	<u>-</u>	<u>192</u>
Total Other Income (Expense)	<u>36,803</u>	<u>-</u>	<u>36,803</u>
Changes in Net Assets from Operations	61,232	4,215	65,447
Net Assets, Beginning of Year	<u>401,773</u>	<u>42,804</u>	<u>444,577</u>
Net Assets, End of Year	<u><u>\$ 463,005</u></u>	<u><u>\$ 47,019</u></u>	<u><u>\$ 510,024</u></u>

See Notes to Financial Statements

Advocates International, Inc.
Statement of Activities
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions	\$ 428,603	\$ 9,500	\$ 438,103
Holding Gain(Loss) on Investments	(265)	-	(265)
Other Income (Expense)	355	-	355
Total Revenues, Gains and Other Support	<u>428,693</u>	<u>9,500</u>	<u>438,193</u>
Expenses			
Program	305,035	-	305,035
Supporting Services			
General and Administrative	2,773	-	2,773
Fundraising	32,785	-	32,785
Total Expenses	<u>340,593</u>	<u>-</u>	<u>340,593</u>
Other Income (Expense)			
Interest/Dividend Income	284	-	284
Total Other Income (Expense)	<u>284</u>	<u>-</u>	<u>284</u>
Changes in Net Assets from Operations	88,384	9,500	97,884
Net Assets, Beginning of Year	297,827	48,866	346,693
Net Assets Released from Restriction	<u>15,562</u>	<u>(15,562)</u>	<u>-</u>
Net Assets, End of Year	<u><u>\$ 401,773</u></u>	<u><u>\$ 42,804</u></u>	<u><u>\$ 444,577</u></u>

See Notes to Financial Statements

Advocates International, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Functional Expenses				
Advertising and Public Relations	\$ -	\$ -	\$ 2,173	\$ 2,173
Bank Charges	-	356	-	356
Conferences	2,047	267	275	2,589
Depreciation and Amortization	860	-	-	860
Dues and Fees	-	95	-	95
Licenses and Fees	-	68	1,950	2,018
International Support	17,377	-	-	17,377
Meals and Entertainment	-	-	239	239
Miscellaneous	1,349	-	-	1,349
Office Expense	-	22,509	5,417	27,926
Payroll Taxes	10,285	328	559	11,172
Postage and Shipping	-	750	2,925	3,675
Printing and Photocopy	-	-	108	108
Professional Fees	61,007	8,660	1	69,668
Rent Expense	-	11,525	-	11,525
Repairs and Maintenance	-	(300)	-	(300)
Salaries and Employee Benefits	132,863	14,504	6,934	154,301
Telephone	-	1,673	-	1,673
Training and Seminars	-	5,250	-	5,250
Travel	282	-	-	282
Allocation of General and Administrative Expenses	60,471	(63,755)	3,284	-
Total Functional Expenses	\$ 286,541	\$ 1,930	\$ 23,865	\$ 312,336

See Notes to Financial Statements

Advocates International, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Functional Expenses				
Bank Charges	\$ -	\$ 626	\$ -	\$ 626
Conferences	721	-	4,500	5,221
Depreciation and Amortization	-	1,057	-	1,057
Dues and Fees	-	595	-	595
Insurance	36			36
Interest	-	95	-	95
Licenses and Fees	-	1,100	2,400	3,500
International Support	23,551	-	-	23,551
Meals and Entertainment	7,000	-	350	7,350
Miscellaneous	6,478	-	-	6,478
Office Expense	139	16,291	7,373	23,803
Payroll Taxes	14,866	710	820	16,396
Postage and Shipping	7	179	3,792	3,978
Printing and Photocopy	-	20	-	20
Professional Fees	953	6,500	-	7,453
Rent Expense	-	10,250	20	10,270
Salaries and Employee Benefits	188,907	25,648	10,137	224,692
Telephone	-	995	-	995
Travel	4,287	-	190	4,477
Allocation of General and Administrative Expenses	58,090	(61,293)	3,203	-
Total Functional Expenses	\$ 305,035	\$ 2,773	\$ 32,785	\$ 340,593

See Notes to Financial Statements

Advocates International, Inc.
Statement of Cash Flows
For the Years December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Changes in Net Assets	\$ 65,447	\$ 97,884
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	860	1,057
(Increase) Decrease in other current assets	1,426	(2,015)
Increase (Decrease) in other current liabilities	-	(5,000)
Total Adjustments	<u>2,286</u>	<u>(5,958)</u>
Net Cash Provided (Used) by Operating Activities	67,733	91,926
Cash Flows from Financing Activities		
Principle payments on long term debt	<u>(37,368)</u>	<u>35,536</u>
Net Cash Provided (Used) by Financing Activities	<u>(37,368)</u>	<u>35,536</u>
Net Increase (Decrease) in Cash and Equivalents	30,365	127,462
Cash and Equivalents, Beginning of Year	<u>235,195</u>	<u>107,733</u>
Cash and Equivalents, End of Year	<u>\$ 265,560</u>	<u>\$ 235,195</u>
Interest Paid, Included in Change in Net Assets	\$ -	\$ 95

See Notes to Financial Statements

Advocates International, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

A. ORGANIZATION

Advocates International, Inc. (the “Organization”) is a not-for-profit organization incorporated in the Commonwealth of Virginia on December 29, 1992. The purpose of the Organization is to globally promote religious freedom, human rights, justice, sanctity of life, protecting the family, peace & reconciliation and the rule of law through an international network of attorneys and skilled laypersons. Regional and national conferences, held in the United States of America and various other countries, help to build this network and related national judicial systems. The Organization works with other international and mission organizations to analyze and solve problems and gives presentations in the United States of America and other countries, to promote its mission.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Organization have been prepared on the US GAAP financial framework of accounting. The accrual method is used for calculations, so revenue is recognized when earned and expenses are recognized when incurred.

Use of Estimates and Assumptions – Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions. As of December 31, 2021 and 2020, the Organization had \$47,019 and \$42,804 with donor restriction net assets, respectively.

Contributions – Grants and contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any restrictions. The Organization reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted assets are reclassified to without donor restricted net assets and are reported in the Statement of Activities as Net Assets Released from Restrictions.

Donated Services – Donated Services are a significant part of the efforts of the Organization and are primarily related to legal services and speaking fees in the United States of America and in other countries. In addition, officers and directors of the Organization provide donated services in addition to their normal duties as officers and directors. Management estimates the fair market value of these services based on the average market value of the services rendered. The global network now informally links over 30,000 lawyers in 150+ nations. Tracking the pro bono donated services by lawyers globally with only a very small staff to do the tracking is no longer feasible.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment – The Organization capitalizes expenditures with a useful life of greater than one year that exceed \$500. Property and equipment is stated at cost and is depreciated using the straight-line method over an estimated useful life of three to five years for equipment and forty years for real property.

As of December 31, 2021 and 2020, these assets were valued at \$11,504 and \$11,504, respectively. Depreciation expense for 2021 and 2020 was \$860 and \$1,057, respectively.

Functional Allocation of Expenses – The Organization’s expenses have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the areas benefited.

Advocates International, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

Income Taxes – The Internal Revenue Service has recognized the Organization as a Section 501(c)(3) organization exempt from income tax under Section 501(a) of the Internal Revenue Code and applicable income tax regulations of the Commonwealth of Virginia.

C. PENSION PLAN

The Organization contributes to a SEP/IRA plan for all employees who work a minimum of 32 hours per week on a regular basis. Contributions ranged from 0% to 11% of compensation. Pension expenses for the years ended December 31, 2021 and 2020 were \$0 and \$0, respectively.

D. LEASES

On March 25, 2013 the Organization entered into a new lease agreement, effective May 1, 2013, for office space on the 2nd Floor at 2920 King Street, Alexandria, VA. The term was two years. The lease has been renewed every two years since inception. On February 1, 2019 the lease went to annual renewals at \$850 a month with the next renewal due date being January 31, 2020. On April 3, 2020, the most recent lease continuance was signed for the period February 1, 2020 thru January 31, 2021. The monthly rent was \$850 and includes all utilities and real estate taxes. On April 1, 2021 the lease renewed as month-to-month starting April 1, 2021 at the same rate. The fee will be renegotiated annually and be effective January 1 each year. This lease was terminated on August 31, 2021.

On August 20, 2021, the Organization entered into a new sub-lease agreement for office and storage space at 4031 University Drive, Fairfax, VA 22030. Office space is #227. Storage space is #411. The term of the lease is 12 months, with a month-to-month renewal option, not to extend beyond the lease term of the Prime Lease. The monthly rate is \$1,047.

The future minimum lease payment total for this lease is \$8,376 for the calendar year 2022.

Rent Expense for the year ended 2021 and 2020 was \$11,525 and \$10,250, respectively.

E. CONCENTRATIONS OF RISK

For the year ended December 31, 2021, the Organization received contributors totaled 52.3% of all grants and contributions from top five donors. One donor was 31.5%.

For the year ended December 31, 2020, the Organization received contributors totaled 47.1% of all grants and contributions from top five donors. One donor was 21%.

F. INVESTMENTS

As of December 31, 2021, and 2020, the Organization held some cash and some available for sale investments with one brokerage firm. The cash was held in low-risk government money market funds and the investments were in conservative bond mutual funds. The Fair Market Value of the investments as of December 31, 2021 and 2020, as determined by the public exchange rates, was \$51,150 and \$52,325, respectively, and the cash in the money market fund was \$33,645 and \$39,959, respectively. Investments are classified as Level 1 and are readily determinable from exchange values. These cash and investment amounts generated interest and dividend incomes of \$305 and \$284 and holding loss of \$302 and \$265 in the years ended December 31, 2021 and 2020, respectively.

Advocates International, Inc.
Notes to the Financial Statements
December 31, 2021 and 2020

G. CAPITAL LEASES

Current and Long-Term Debt currently consists of a leased copier costing \$4,299 financed by the Organization over 60 months, with the first payment due in December 2017, at an imputed interest rate of 11.4% and monthly payments of \$95.

Future minimum lease payments for the next five years are as follows:

Year	Amount
2022	\$ 988
Total	\$ 988

H. LOANS PAYABLE

The Organization secured a Paycheck Protection Program (PPP) Loan on May 8, 2020. The loan amount was \$157,655. Interest accrues as a rate of 1% per year. Repayment terms are equal monthly principal and interest payments to commence November 1, 2020 with the final payment due May 8, 2022. The Organization met the requirements of loan forgiveness under the PPP (Sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (Cares Act)) and the loan was forgiven on May 12, 2021.

I. FINANCIAL ASSETS AVAILABLE FOR THE NEXT YEAR

The Organization has \$316,710 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents of \$265,560. \$47,019 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$52,056. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including sweep type bank instruments.

J. SUBSEQUENT EVENTS

The following subsequent events were evaluated through April 28, 2022, which is the date the financial statements were available to be issued.