FAVOR INTERNATIONAL, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021

FAVOR INTERNATIONAL, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Favor International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Favor International, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Favor International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Africa Ministry Organizations Expenses

Our audit was made for the purpose of forming an opinion on Favor International, Inc.'s basic financial statements taken as a whole. As described in note 7, Related Party Transactions, the majority of Favor's program expenses are ultimately fulfilled through the operation of Favor of God Ministries – Uganda and Favour Africa Ministries International – South Sudan (Africa Ministry Organizations). Though we did apply limited procedures in order to obtain an understanding of the internal controls related to the cash expenditure process of the Africa Ministry Organizations, we did not perform audit procedures on their expenses because it is outside the scope of our audit. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Favor International, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Favor International, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Favor International, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Favor International, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Affinity CPA, P.A.

Tampa, Florida
May 27, 2023

FAVOR INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	$ 741,209	$ 3,024,703
Deposit	30,000	-
Total current assets	771,209	3,024,703
Property and equipment, net of accumulated depreciation	3,430	5,791
Total assets	$ 774,639	$ 3,030,494
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 7,538	$ -
Loan payable	300,000	-
Total current liabilities	307,538	-
Net assets		
Without donor restrictions	433,437	(8,644)
With donor restrictions	33,664	3,039,138
Total net assets	467,101	3,030,494
Total liabilities and net assets	$ 774,639	$ 3,030,494

FAVOR INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Changes in Net Assets			
	Without Donor Restrictions	With Donor Restrictions	Total December 31, 2022	Total December 31, 2021
PUBLIC SUPPORT AND OTHER REVENUES				
Grants and contributions	$ 3,382,086	$ -	$ 3,382,086	$ 5,817,849
In-kind contributions	-	-	-	2,303
Other	2,757	-	2,757	1,486
	3,384,843	-	3,384,843	5,821,638
Net assets released from restrictions	3,005,474	(3,005,474)	-	-
Total public support and other revenues	6,390,317	(3,005,474)	3,384,843	5,821,638
EXPENSES				
Program services	5,442,869	-	5,442,869	5,247,078
Supporting services				
Management and general	269,228	-	269,228	254,798
Fundraising	236,139	-	236,139	181,817
Total supporting services	505,367	-	505,367	436,615
Total expenses	5,948,236	-	5,948,236	5,683,693
Change in net assets	442,081	(3,005,474)	(2,563,393)	137,945
Net assets, beginning of year	(8,644)	3,039,138	3,030,494	2,892,549
Net assets, end of year	$ 433,437	$ 33,664	$ 467,101	$ 3,030,494

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

FAVOR INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

		Supporting Services			Total Expenses	
				Total	December 31,	
	Program Services	Management and General	Fundraising	Supporting Services	2022	2021
Personnel expenses						
Salaries	$ 21,667	$ 97,396	$ 70,346	$ 167,742	$ 189,409	$ 197,979
Payroll taxes	1,658	7,267	3,673	10,940	12,598	15,146
Total personnel expenses	23,325	104,663	74,019	178,682	202,007	213,125
Other expenses						
Africa Ministry Organizations	5,369,307	1,408	-	1,408	5,370,715	5,196,135
Postage and printing	156	12,159	78,378	90,537	90,693	28,282
Outside services	2,500	49,497	13,000	62,497	64,997	96,030
Travel and entertainment	8,365	11,319	19,439	30,758	39,123	43,639
Legal and professional	-	38,027	-	38,027	38,027	30,992
Field supplies and equipment	32,192	-	665	665	32,857	18,914
Promotional material	-	344	18,069	18,413	18,413	8,578
Donor retreat	-	1,678	16,411	18,089	18,089	-
Bank and credit card fees	-	16,317	74	16,391	16,391	18,146
Information technology	8	7,789	3,199	10,988	10,996	7,158
Insurance	3,870	3,358	-	3,358	7,228	3,001
Taxes and licenses	-	5,874	768	6,642	6,642	1,492
Repairs and maintenance	-	3,218	391	3,609	3,609	1,830
Interest	-	1,103	-	1,103	1,103	-
Other	979	12,280	11,726	24,006	24,985	13,867
Total expenses before depreciation	5,440,702	269,034	236,139	505,173	5,945,875	5,681,189
Depreciation	2,167	194	-	194	2,361	2,504
Total expenses	$ 5,442,869	$ 269,228	$ 236,139	$ 505,367	$ 5,948,236	$ 5,683,693

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

FAVOR INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	December 31, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (2,563,393)	$ 137,945
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Depreciation	2,361	2,504
Gain from Paycheck Protection Program (PPP) loan forgiveness	-	(21,490)
(Increase) Decrease in assets:		
Prepaid expenses	-	595
Deposit	(30,000)	-
Decrease in liabilities:		
Accounts payable	7,538	-
Net cash provided by (used in) operating activities	(2,583,494)	119,554
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,278)	(6,500)
Net cash used in investing activities	(3,278)	(6,500)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans	550,000	-
Principal payments made on loans	(250,000)	-
Net cash provided by financing activities	300,000	-
Net change in cash	(2,286,772)	113,054
Cash, beginning of year	3,024,703	2,911,649
Cash, end of year	$ 737,931	$ 3,024,703
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR INTEREST	$ 1,103	$ -
NONCASH FINANCING TRANSACTIONS		
Forgiveness of PPP loan and conversion into a grant	$ -	$ 21,490

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

NOTE 1 NATURE OF THE ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

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

Revenue Recognition

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

Support arising from donated, or in-kind, goods, property, and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee. For the years ended December 31, 2022 and 2021, volunteers provided services to assist the Organization's management and fundraising functions for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under GAAP.

Property and Equipment

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

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

Use of Estimates

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

Functional Allocation of Expenses

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

Summarization of Certain 2021 Information

The financial information for the year ended December 31, 2021, presented for comparative purposes, is not intended to be a complete presentation.

Federal Income Tax

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

Going Concern Evaluation

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

Subsequent Events

In accordance with FASB ASC 855, the Organization evaluated subsequent events through May 27, 2023, the date the financial statements were available for issue.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	December 31,	
	2022	2021
Current financial assets at year end		
Cash	$ 741,209	$ 3,024,703
Less amount not available for general use within one year		
Net assets with donor restrictions	33,664	3,039,138
Net assets with time restrictions to be met in less than a year	-	(3,000,000)
	33,664	39,138
Current financial assets available to meet cash needs for general expenditures within one year	$ 707,545	$ 2,985,565

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist as of December 31 as follows:

	December 31,	
	2022	2021
Computer and equipment	$ 6,003	$ 6,003
Motor vehicle	6,500	6,500
	12,503	12,503
Less accumulated depreciation	(9,073)	(6,712)
Total property and equipment, net	$ 3,430	$ 5,791

Depreciation expense was approximately $2,000 and $3,000 for the years ended December 31, 2022 and 2021, respectively.

NOTE 5 LOANS PAYABLE

The Organization received two loans in 2022.

In October 2022, it received a $250,000 loan from a financial institution with an annual interest rate of 4.70%. This loan helped to support Favour International, Inc. programs in Africa. This loan was repaid, in full, in December 2022.

Additionally, Favor received a $300,000 non-interest-bearing loan from a related party in December 2022. This loan, which was due to mature in March 2023, was paid back in full in January 2023. The proceeds from the loan were used to purchase the property described in more detail in Note 10, *Subsequent Events*.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31,	
	2022	2021
Subject to purpose		
Bible distribution	$ 33,664	$ 39,138
Subject to passage of time	-	3,000,000
	$ 33,664	$ 3,039,138

NOTE 7 RELATED PARTY TRANSACTIONS

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

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

In 2022, the Organization also received a loan, described in more detail in Note 5, *Loans Payable*, from a related party. This loan was repaid in full in January 2023.

NOTE 8 CREDIT AND FUNDING CONCENTRATION

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

The Organization also receives a significant portion of its funding from a small number of funding sources. However, as shown below, the Organization reduced its concentration of contributions from a small number of funding sources from 65% in 2021 to 15% in 2022.

Approximately 15% of Favor’s 2022 contributions were received from a private foundation.

Approximately 51% of Favor’s 2021 contributions were received from an individual and that individual’s related-party foundation; additionally, during the year ended December 31, 2021, an unrelated Christian foundation made a contribution which amounted to approximately 14% of the Organization’s 2021 contributions.

NOTE 9 CONTINGENCIES

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

NOTE 10 SUBSEQUENT EVENTS

In January 2023, the Organization purchased a property in Hillsborough County, Florida, for approximately $455,000. The property will be used as a training center for employees, missionary lodging, and offices for Favor to conduct Organization business.