

**THE PRESIDENTIAL PRAYER TEAM**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**THE PRESIDENTIAL PRAYER TEAM**  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Presidential Prayer Team

We have audited the accompanying financial statements of The Presidential Prayer Team (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Presidential Prayer Team as of December 31, 2015 and 2014, 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.



Roy L. Alexander, CPA

Tucson, Arizona  
February 25, 2016

**THE PRESIDENTIAL PRAYER TEAM  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2015 AND 2014**

<b>ASSETS</b>	<b>2015</b>	<b>2014</b>
<b>Current Assets</b>		
Cash & Equivalents	\$ 46,618	\$ 39,916
Accounts Receivable	<u>-</u>	<u>50</u>
<b>Total Current Assets</b>	<u>46,618</u>	<u>39,966</u>
Property and Equipment, Net	999,761	23,897
Other Assets	<u>3,980</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 1,050,360</u></u>	<u><u>\$ 63,863</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 18,439	\$ 529
Short-Term Notes Payable	<u>300,000</u>	<u>64,181</u>
<b>Total Liabilities</b>	<u>318,439</u>	<u>64,710</u>
<b>Net Assets (Deficit)</b>		
Unrestricted	725,469	(847)
Temporarily restricted	<u>6,452</u>	<u>-</u>
<b>Total Net Assets (Deficit)</b>	<u>731,921</u>	<u>(847)</u>
<b>Total Liabilities and Net Assets (Deficit)</b>	<u><u>\$ 1,050,360</u></u>	<u><u>\$ 63,863</u></u>

*The accompanying notes are an integral part of these financial statements.*

**THE PRESIDENTIAL PRAYER TEAM  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Support and Revenues:</b>			
Contributions and Donations	\$ 581,107	\$ 700,000	\$ 1,281,107
Restrictions satisfied by payments	693,548	(693,548)	-
<b>Expenses:</b>			
Program Services:			
Mobilize People to Pray	427,092	-	427,092
Support Services:			
General and Administrative	86,136	-	86,136
Fundraising	35,111	-	35,111
Total Support Services	121,247	-	121,247
<b>Total Expenses</b>	<b>548,339</b>	<b>-</b>	<b>548,339</b>
<b>Change in Net Assets</b>	726,316	6,452	732,768
<b>Net Assets (Deficit) - Beginning of Year</b>	<b>(847)</b>	<b>-</b>	<b>(847)</b>
<b>Net Assets - End of Year</b>	<b>\$ 725,469</b>	<b>\$ 6,452</b>	<b>\$ 731,921</b>

*The accompanying notes are an integral part of these financial statements.*

**THE PRESIDENTIAL PRAYER TEAM  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenues:</b>			
Contributions and Donations	\$ 542,451	\$ -	\$ 542,451
<b>Expenses:</b>			
Program Services:			
Mobilize People to Pray	446,549	-	446,549
Support Services:			
General and Administrative	54,593	-	54,593
Fundraising	<u>20,433</u>	<u>-</u>	<u>20,433</u>
Total Support Services	75,026	-	75,026
<b>Total Expenses</b>	<u>521,575</u>	<u>-</u>	<u>521,575</u>
<b>Change in Net Assets</b>	20,877	-	20,877
<b>Net (Deficit) - Beginning of Year</b>	<u>(21,724)</u>	<u>-</u>	<u>(21,724)</u>
<b>Net (Deficit) - End of Year</b>	<u>\$ (847)</u>	<u>\$ -</u>	<u>\$ (847)</u>

*The accompanying notes are an integral part of these financial statements.*

**THE PRESIDENTIAL PRAYER TEAM  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 732,768	\$ 20,877
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	3,185	3,069
Loss on disposal of fixed assets	13,767	-
Changes in operating assets and liabilities:		
Accounts receivable	50	6,455
Other non-current assets	(3,980)	-
Accounts payable	<u>17,910</u>	<u>(10,333)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>763,700</u>	<u>20,068</u>
<b>Cash Flows from Investing Activities:</b>		
Acquisition of property and equipment	<u>(992,816)</u>	<u>(4,006)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(992,816)</u>	<u>(4,006)</u>
<b>Cash Flows from Financing Activities:</b>		
Principal payments on line of credit	(64,181)	(3,762)
Proceeds from borrowings	<u>300,000</u>	<u>-</u>
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>235,819</u>	<u>(3,762)</u>
<b>Net Increase in Cash and Equivalents</b>	6,702	12,300
<b>Cash and Equivalents - Beginning of Year</b>	<u>39,916</u>	<u>27,616</u>
<b>Cash and Equivalents - End of Year</b>	<u>\$ 46,618</u>	<u>\$ 39,916</u>

*The accompanying notes are an integral part of these financial statements.*

**THE PRESIDENTIAL PRAYER TEAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

The Presidential Prayer Team (Organization) is an Arizona not-for-profit corporation committed to recognizing the spiritual heritage of prayer in our nation. Believing we are called to be “One Nation Under God”, the goal of the Organization is to mobilize millions of Americans to pray daily for our President, our leaders, our nation and our Armed Forces.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting. The more significant of the Organization’s accounting policies are described below.

**Cash and Cash Equivalents**

For purposes of the balance sheets and statements of cash flows, the Organization considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. At December 31, 2015 and 2014, management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these financial instruments.

**Cash Restricted to Purchase Property and Equipment**

Cash restricted to purchase property and equipment has been restricted by donors and is not available for operating purposes. At December 31, 2015 and 2014, the balance of cash restricted to purchase property and equipment was \$6,452 and \$-0-, respectively.

**Property, Equipment and Improvements**

Property, equipment and improvements are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, which range from three to thirty-nine years. Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful life of the improvements. The Organization capitalizes property and equipment over \$1,000. Normal repairs and maintenance are expensed as incurred whereas significant improvements, which materially increase values or extend useful lives are capitalized and depreciated over the remaining estimated useful lives of the related assets.

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

**THE PRESIDENTIAL PRAYER TEAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Net Assets**

Net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization.

At December 31, 2015, the Organization reported unrestricted and temporarily restricted net assets of \$725,469 and \$6,452, respectively.

At December 31, 2014, the Organization reported a deficit in unrestricted net assets of \$847.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

**Management's Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

**Functional Allocation of Expenses**

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program supporting service, are allocated based on the best estimate of management.

**THE PRESIDENTIAL PRAYER TEAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2. PROPERTY, EQUIPMENT AND IMPROVEMENTS**

Property, equipment and improvements consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Property and Equipment	\$ 13,807	\$143,592
Leasehold Improvements	-0-	15,657
Office Building	<u>989,568</u>	<u>-0-</u>
	1,003,375	159,249
Less: Accumulated Depreciation	<u>3,614</u>	<u>135,352</u>
<b>Property and Equipment, Net</b>	<b><u>\$ 999,761</u></b>	<b><u>\$ 23,897</u></b>

Depreciation expense was \$3,185 and \$3,069 for the years ending December 31, 2015 and 2014, respectively.

**NOTE 3. LINE OF CREDIT**

The Organization had a \$75,000 line of credit agreement with Wells Fargo. The line of credit had an interest rate of LIBOR + 2.00% (approximately 5.75% at December 31, 2014). The line of credit was closed during 2015. The amount outstanding on the line of credit was \$-0- and \$64,181 as of December 31, 2015 and 2014, respectively.

**NOTE 4. SHORT-TERM NOTE PAYABLE**

On December 15, 2015, the Organization entered into a \$300,000 note payable with Western State Bank. Interest on the note will accrue based on a fixed rate interest rate of 4.950% per annum. All unpaid principal, accrued and unpaid interest and any outstanding charges are due on December 15, 2016.

Future scheduled maturities of notes payable are as follows:

Years ending December 31:

2016	\$300,000
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**THE PRESIDENTIAL PRAYER TEAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 5. RELATED PARTY TRANSACTIONS**

The Organization engaged several companies, in which a current board member has a beneficial interest, to provide Information Technology services. Services provided include but are not limited to web management, web security, and developing phone apps for the Organization. The related party expenses were \$68,773 and \$89,469 for the years ending December 31, 2015 and 2014, respectively. Amounts due to related parties were \$9,720 and \$-0- as of December 31, 2015 and 2014, respectively.

**NOTE 5. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 25, 2016, the date which the financial statements were available to be issued.

February 25, 2016  
Board of Directors  
The Presidential Prayer Team  
8145 North 86<sup>th</sup> Place  
Scottsdale, Arizona 85258

We have audited the financial statements of The Presidential Prayer Team for the years ended December 31, 2015 and 2014, and have issued our report thereon dated February 25, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 25, 2016. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Presidential Prayer Team are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ended December 31, 2015 and 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates affecting the financial statements for the years ended December 31, 2015 and 2014.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 25, 2016.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

This information is intended solely for the use of the Board of Directors or individual(s) charged with governance and, if appropriate, management of The Presidential Prayer Team and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



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Roy L. Alexander CPA, P.C.

Board of Directors and Darla Patterson  
The Presidential Prayer Team  
8145 North 86<sup>th</sup> Place  
Scottsdale, Arizona 85258

In planning and performing our audit of the financial statements of The Presidential Prayer Team as of and for the years ended December 31, 2015 and 2014, in accordance with auditing standards generally accepted in the United States of America, we considered The Presidential Prayer Team's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified no certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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 Organization'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.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.



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Roy L. Alexander CPA, P.C.  
Tucson, Arizona  
February 25, 2016