



Darrell L. Keller, CPA, PA

**ZOLA LEVITT MINISTRIES, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

(704) 739-0771

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Basic Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Zola Levitt Ministries, Inc.
Dallas, Texas

Opinion

We have audited the accompanying financial statements of Zola Levitt Ministries, 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 Zola Levitt Ministries, 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 Zola Levitt Ministries, 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.

Emphasis of Matter

As discussed in Note 16 to the financial statements, in 2022, the Organization adopted ASU 2016-02, *Leases*.

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 Zola Levitt Ministries, 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 Zola Levitt 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 Zola Levitt 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.



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina

July 21, 2023

ZOLA LEVITT MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and cash equivalents	\$ 1,653,510	\$ 31,459	\$ 1,684,969
Investments-Mutual Funds	1,059,786	-	1,059,786
Inventory	140,698	-	140,698
Loan Receivable-TEI, Inc.	80,547	-	80,547
Investments-TEI, Inc.	5,533	-	5,533
Right of Use Leased Asset	333,047	-	333,047
Equipment and leasehold improvements less accumulated depreciation of \$32,513	6,670	-	6,670
Total Assets	\$ 3,279,791	\$ 31,459	\$ 3,311,250
LIABILITIES AND NET ASSETS			
Liabilities:			
Sales tax payable	\$ 220	\$ -	\$ 220
Accounts payable and accrued expenses	232,345	31,459	263,804
Lease Liability	333,047	-	333,047
Total liabilities	565,612	31,459	597,071
Net assets:			
Without Donor Restrictions	2,714,179	-	2,714,179
With Donor Restrictions	-	-	-
Total net assets	2,714,179	-	2,714,179
Total liabilities and net assets	\$ 3,279,791	\$ 31,459	\$ 3,311,250

The Accompanying Notes are an Integral Part of these Financial Statements.

ZOLA LEVITT MINISTRIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Public support:			
Contributions	\$ 2,436,883	\$ -	\$ 2,436,883
Estate and Bequests Income	1,772,788	-	1,772,788
Books, DVDs, CDs	143,036	-	143,036
Institute in Jewish-Christian Studies	6,287	-	6,287
Royalties	112	-	112
Investment return-net	21,262	-	21,262
Net assets released from restriction	-	-	-
Total revenues	4,380,368	-	4,380,368
Program Services			
Production Costs	2,845,264	-	2,845,264
Supporting Services			
Management and general	613,826	-	613,826
Fundraising	35,000	-	35,000
Functional expenses	3,494,090	-	3,494,090
Realized gain (loss) on sale of investments	(13,917)	-	(13,917)
Unrealized gain (loss) on investments	(318,478)	-	(318,478)
	(332,395)	-	(332,395)
Change in net assets	553,883	-	553,883
Net assets:			
Beginning	2,160,296	-	2,160,296
Ending	\$ 2,714,179	\$ -	\$ 2,714,179

The Accompanying Notes are an Integral Part of these Financial Statements.

ZOLA LEVITT MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services		Total Expenses
	Production Costs	Management and General	Fundraising	
Leased employees	\$ 35,010	\$ 110,865	\$ -	\$ 145,875
Salaries, taxes, and benefits	80,732	255,653	-	336,385
Employee benefits	-	1,969	-	1,969
Total salaries and related expenses	<u>115,742</u>	<u>368,487</u>	<u>-</u>	<u>484,229</u>
Production-airtime	1,344,192	-	24,300	1,368,492
Production-Newsletters	514,665	-	10,700	525,365
Production-DVDs	687,941	-	-	687,941
Production-Website	50,728	-	-	50,728
Production-Contract Labor	53,567	-	-	53,567
Social Media	37,838	-	-	37,838
Books, DVDs, CDs	34,158	-	-	34,158
Royalties and permissions	6,433	-	-	6,433
Office expense	-	28,169	-	28,169
Printing	-	33,048	-	33,048
Postal, shipping, and mailing service	-	22,346	-	22,346
Travel and Meetings	-	-	-	-
Professional services	-	8,097	-	8,097
Telephone	-	2,977	-	2,977
Answering service	-	50,881	-	50,881
Insurance	-	3,270	-	3,270
Rent	-	31,697	-	31,697
Bank charges/credit card fees	-	33,765	-	33,765
Repairs & maintenance	-	6,126	-	6,126
Dues and memberships	-	5,147	-	5,147
Taxes-general	-	4,759	-	4,759
Tour expenses	-	169	-	169
Audit	-	10,275	-	10,275
Miscellaneous	-	1,945	-	1,945
Total expenses before depreciation	<u>2,845,264</u>	<u>611,158</u>	<u>35,000</u>	<u>3,491,422</u>
Depreciation	-	2,668	-	2,668
Total expenses	<u><u>\$ 2,845,264</u></u>	<u><u>\$ 613,826</u></u>	<u><u>\$ 35,000</u></u>	<u><u>\$ 3,494,090</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements.

ZOLA LEVITT MINISTRIES, INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows From Operating Activities:

Expenses (Over) Under Revenues	<u>\$ 553,883</u>
--------------------------------	-------------------

Adjustments to Reconcile Expenses Over
Revenues to Net Cash Provided by (Used by)
Operating Activities:

Depreciation	2,668
Unrealized losses (gains) on investments	318,478
(Increase) Decrease in Inventory	(24,573)
Increase (Decrease) in Sales Tax Payable	(307)
Increase (Decrease) in Accounts Payable	<u>91,894</u>
Total Adjustments	<u>388,160</u>

Net Cash Provided by (Used by) Operations	<u>942,043</u>
---	----------------

Cash Flows From Investing Activities:

Proceeds from Stock Sale	385,985
Purchase of Stocks	(5,044)
Earnings on Investments	(61,092)
Additional Investment in Subsidiary	(60,000)
Loan to Subsidiary	(319)
(Income) Loss from subsidiary	<u>58,106</u>

Net Cash Provided by (Used by) Investments	<u>317,636</u>
--	----------------

Beginning Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	<u>425,290</u>
--	----------------

Ending Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	<u><u>\$ 1,684,969</u></u>
---	----------------------------

The accompanying footnotes are an integral part of the financial statements.

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1. SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES

Reporting Entity

Zola Levitt Ministries, Inc. (the “Organization”) is a non-profit organization organized in Texas that receives donations and gifts from the general public and performs ministerial duties in proclamation of the Christian Gospel. The Ministry is supported primarily through donor contributions, which accounts for 90% of its revenue. It was determined to be a non-profit by the Internal Revenue Service and is governed by a volunteer Board of Directors. The Organization is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an entity that is not a private foundation within the meaning of section 509(a) and contributions to the Organization are tax-deductible within the limitations prescribed by law.

Organizational Mission Statement

The mission of the Organization is to proclaim the Gospel of Jesus Christ through production of a Bible teaching television program that emphasizes the Jewish roots of Christianity, the continuing significance of Israel to prophecy fulfillment, and the chosen people’s role in God’s eternal plan.

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Under those standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a statement of cash flows. The Organization uses the accrual method of accounting. Under this method, revenue is recognized when earned, and expenses are recognized when incurred.

Use of Estimates

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

Significant estimates include allowance for uncollectible accounts receivable, depreciation, and contingencies.

Income Taxes

The Ministry 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. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

The Ministry owns 100% of a Subchapter S Corporation. Earnings on this investment generate unrelated business income which is subject to unrelated business income tax (UBIT). The Ministries Form 990-T, Exempt Organization Business Income Tax Return shows the subsidiary had a loss for the current year.

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

The financial accounting standards board issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain tax positions that require recognition in the financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of demand deposits in banks, cash on hand, and deposits in money market accounts. Restricted Cash is donor restricted cash that has yet to be released from restriction.

Investments

Investments with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. The fair value of all available-for-sale marketable securities has been measured on a recurring basis using Level 1 inputs. There were no changes in valuation methodologies and related inputs used at December 31, 2022.

Fair Value Measurements

FASB ASC 820-10 regarding fair value measurements clarifies the definition of fair value for financial reporting and establishes a three-tier hierarchy as a framework for measuring fair value which requires an entity to give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements. Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date.

The three levels of the fair value hierarchy under this standard are as follows:

- Level 1 - Inputs are unadjusted quoted prices for identical instruments in active markets.
- Level 2 - Inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets.
- Level 3 - Inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Property and Equipment

The Organization capitalizes property and equipment if its value is over \$5,000 and its useful life is more than one year. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value on the date of the gift. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty-nine years. Management annually reviews these assets to determine whether carrying values have been impaired.

Net Asset Classifications

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increase in net assets without donor restrictions if the restrictions expire in the same fiscal year in which the contributions are recognized.

Revenue Recognition

The Organization adopted the requirements of Financial Accounting Standards Board's Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09), during a prior fiscal year. The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Contributions are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), 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.

Contributed Services

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

The Organization generally pays for services requiring specific expertise. Other individuals volunteer their time and perform a variety of tasks that assist the Organization carrying out its fundraising and special programs, but these services do not meet the criteria for recognition as contributed services. The Organization receives less than 50 volunteer hours per year.

Functional Allocation of Expenses

For functional expense allocations, salaries and related expenses are allocated to the various programs and supporting services based on estimated time the employees spend on each function. The remaining expenses are specifically allocated whenever practical or are allocated based on salaries or space utilization.

Advertising

The Organization expenses advertising costs as incurred. Shipping and handling costs are recorded as production costs if they relate to the sale of inventory. Shipping and handling costs that relate to general operations are recorded as management and general expenses. These costs are immaterial to the financial statements as a whole.

Concentration of Credit Risk

The Organization maintains demand deposits at one bank in Texas which are secured by the Federal Deposit Insurance Corporation. At December 31, 2022 the deposits had a carrying value of \$1,169,014 and a bank balance of \$1,066,708, of this amount \$250,000 was covered by FDIC. Management does not consider this concentration to be a significant risk since most of those funds were invested with Vanguard within days of the clearance of an \$800,000 bequest deposit.

The Organization maintains a money market mutual fund account with Vanguard Financial Services. The carrying value of the account at December 31, 2022 was \$515,568. This amount is not insured. Management does not consider this to be a significant risk. It is valued at Level 1 of the fair value hierarchy as shown in note 2.

The Organization has petty cash on hand of \$387.

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 2. FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2022 are as follows:

Investments:	Fair Value	Level 1
Short-term stocks (E-Trade)	6,012	6,012
Vanguard Federal MM Fund	515,568	515,568
Vanguard Ext. Mkt. Index	113,319	113,319
Vanguard STAR Fund	929,885	929,885
Vanguard	<u>10,570</u>	<u>10,570</u>
	1,575,354	1,575,354

INVESTMENT IN EQUITY SECURITIES

The Ministry owns one-hundred percent of a subchapter S corporation. This investment in equity securities is accounted for using the cost method. The fair value of a cost method investment is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value. The Ministry has not estimated the fair value of this investment because it is not practicable to do so and there have been no such identified events.

The value as of January 1, 2022 was \$3,369 and a realized loss of \$58,106 and additional capital investment of \$60,000 was recognized during the year for a total value as of December 31, 2022 of \$5,533.

Note 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>12/31/2022</u>
Financial Assets at Year-End	\$ 2,885,453
Less those available for general expenditure within one year, due to:	
Donor Restricted:	
Donated to Ministry for other Ministries	(31,459)
Unavailable to management without Board approval	
Board designated Quasi-Endowment	-
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,853,994</u>

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	12/31/2022
Machinery and equipment	\$ 15,274
Office Equipment	23,909
Less Accumulated Depreciation	(32,513)
Net Property and Equipment	\$ 6,670

Depreciation Expense for December 31, 2022 was \$2,668.

Note 5. INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined using the first in, first out (FIFO) method. The value of inventories using the FIFO method is \$140,698. Inventories include ministerial supplies such as books, tapes, albums, and cassettes.

Note 6. RELATED PARTY TRANSACTIONS

Travel Experience International is a for profit corporation that is owned by the ministry. The purpose of the corporation is to conduct tours of the Holy Land. During 2022 the Ministry was reimbursed \$106,512 for expenses paid on behalf of Travel Experience International. These expenses consisted primarily of charges for advertising during broadcast time of the national weekly program and shared rental space.

Note 7. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at December 31, 2022:

	12/31/2022
Undesignated	\$ 2,707,509
Fixed Assets	6,670
Total net assets without donor restrictions	\$ 2,714,179

Note 8. NET ASSETS WITH DONOR RESTRICTIONS

The Organization does not currently have net assets with donor restrictions.

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 9. RESTRICTED ACCOUNTS PAYABLE

The Organization accepts contributions that are passed through to other Organizations. This is not considered revenue to the Ministry.

	12/31/2022
Donor restricted to:	
Aliyah Return Center	\$ 1,337
Bridges for Peace	2,635
Good News	3,177
Hebrew for Christians	5
Israeli Tree Fund	(26)
Lone Soldier	1,561
Tents of Mercy	240
To The Jew First Fund	22,530
	\$ 31,459

Note 10. UNRESTRICTED ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	12/31/2022
Operating accounts payable	\$ 186,136
Paid time off	43,836
Due to TEI	2,373
	\$ 232,345

Note 11. PAID TIME OFF

Ministry employees earn paid time off based on length of service each year. Unused time rolls over each year and there is no cap of hours carried over. Upon termination, with two weeks' notice, all PTO is paid out to the employee. At December 31, 2022 the amount of paid time off accrued is \$43,836.

Note 12. RETIREMENT PLAN

The Ministry Board of Directors approved adopting a 401(K) Plan effective September 1, 2022. Employees may contribute up to the IRS limit and the ministry matches up to 4%. The Ministry may also make a discretionary profit sharing. The Ministry contributed \$4,010 in matching contributions during the current year.

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 13. CONTINGENCY

The Ministry Board of Directors approved a resolution stating that in the event of the dissolution of the ministry, all full-time employees will receive one (1) week’s pay for every year of service. The amount of the contingency cannot be determined at this time, because this is a future event, and the amount cannot be estimated.

Note 14. OPERATING LEASE

Beginning in October 2022 the Organization signed a new lease for office space. The lease period is 10/1/22 through 9/30/27. The monthly payment relating to the lease of office space ranges from \$6,276 to 6,873. Total lease expense under this contract was \$18,827 for the year ending December 31, 2022. The right of use assets and lease liability were calculated based on the present value of future lease payments over the lease term. The Organization has elected to use the borrowing rate of 5%.

Future maturities of the lease liability is as follows:

December 31, 2023	\$ 75,754
December 31, 2024	77,547
December 31, 2025	79,340
December 31, 2026	81,133
December 31, 2027	<u>61,859</u>
Total Lease Payments	375,633
Less Present Value Discount	<u>(42,586)</u>
Total Lease Obligations	<u>\$ 333,047</u>

Note 15. SUBSEQUENT EVENTS

The Organization has evaluated its financial statements for subsequent events through July 21, 2023, the date the financial statements were available to be issued.

Note 16. ACCOUNTING STANDARDS ADOPTION

During 2022, the Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets in the statement of activities separately from other contributions. Additionally, the ASU enhances disclosure regarding the entity's policies related to the monetization or utilization of the contributed nonfinancial assets. The adoption of this ASU did not have a significant effect on the financial statements as there were no contributed nonfinancial assets.

During 2022, the Organization adopted ASU No. 2016-02, *Leases*. This ASU requires entities to recognize all leased assets as a right-of-use asset on the statement of financial position with a corresponding lease liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities.