

**Lamb and Lion Ministries, Inc.**  
(A Not-for-Profit Organization)

Report on Audit of Financial Statements  
For the Years Ended December 31, 2022 and 2021



A. Bricks Coggin CPA, PLLC

**Lamb and Lion Ministries, Inc.**  
(A Not-for-Profit Organization)

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**INDEPENDENT AUDITOR'S REPORT**

To Those Charged with Governance

Lamb and Lion Ministries, Inc. (a-not-for-profit organization)

Princeton, Tx.

**Opinion**

We have audited the accompanying financial statements of Lamb and Lion Ministries, Inc. (a Texas not-for-profit organization), which comprise the statements of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lamb and Lion Ministries as of December 31, 2022, and the results of its operations 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 Lamb and Lion 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.

**Prior Period Financial Statements**

The financial statements of Lamb and Lion Ministries, Inc. as of December 31, 2021 were audited by other auditors whose report dated January 31, 2022 expressed an unmodified opinion on those statements.

**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 Lamb and Lion 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.

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**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 Lamb and Lion 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 Lamb and Lion 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.



A Bricks Coggin, CPA PLLC  
Irving, TX 75039

April 30, 2023

# Financial Statements

Lamb and Lion Ministries, Inc.  
Statement of Financial Position  
December 31, 2022 and 2021

<b>ASSETS</b>	2022	2021
Current Assets:		
Cash & Cash Equivalents	\$ 2,333,233	\$ 1,934,754
Inventory – Publications	109,130	109,130
Prepays	13,088	13,088
Utility Deposits	125	125
Total Current Assets	2,455,576	2,057,097
Capital Assets:		
Land	22,500	22,500
Buildings	659,765	659,765
Vehicles	54,841	54,841
Furniture & Equipment	714,022	711,521
Accumulated Depreciation	(992,656)	(929,928)
Total Capital Assets, Net	458,472	518,699
<b>Total Assets</b>	<b>\$ 2,914,048</b>	<b>\$ 2,575,796</b>
 <b>LIABILITIES &amp; NET ASSETS</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 83,938	\$ 53,960
Retirement Accrual	93,525	-
Compensated Absences	32,370	30,116
Total Current Liabilities	209,833	84,076
Total Liabilities	209,833	84,076
Net Assets:		
Without Donor Restrictions	2,597,235	2,400,129
With Donor Restrictions	106,980	91,591
Total Net Assets	2,704,215	2,491,720
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,914,048</b>	<b>\$ 2,575,796</b>

The accompanying notes are an integral part of these financial statements

Lamb and Lion Ministries, Inc.  
Statement of Activities and Change in Net Assets  
For the Years Ended December 31, 2022 and 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES:</b>				
Sales	\$ 251,410	\$ -	\$ 251,410	\$ 408,789
Contributions	2,754,825	113,002	2,867,827	3,144,175
Program Income	16,258	-	16,258	
Other Income	9,372	-	9,372	3,751
Net Assets Released from Restriction:				
Satisfaction of Program Restrictions	-	-	-	-
Total Revenues	<u>3,031,865</u>	<u>113,002</u>	<u>3,144,867</u>	<u>3,556,715</u>
<b>EXPENSES:</b>				
Program Activities:				
Outreach Services	2,327,214	-	2,327,214	2,292,449
Missions	163,097	97,613	260,710	289,943
Total Program	<u>2,490,311</u>	<u>97,613</u>	<u>2,587,924</u>	<u>2,582,392</u>
Support Activities:				
Administration	326,980	-	326,980	329,863
Fund Raising	17,468	-	17,468	15,133
Total Support Activities	<u>344,448</u>	<u>-</u>	<u>344,448</u>	<u>344,996</u>
Total Expenses	<u>2,834,759</u>	<u>97,613</u>	<u>2,932,372</u>	<u>2,927,388</u>
Change in Net Assets	197,106	15,389	212,495	629,327
Net Assets – Beginning	<u>2,400,129</u>	<u>91,591</u>	<u>2,491,720</u>	<u>1,862,393</u>
Net Assets - Ending	<u>\$ 2,597,235</u>	<u>\$ 106,980</u>	<u>\$ 2,704,215</u>	<u>\$ 2,491,720</u>

The accompanying notes are an integral part of these financial statements

Lamb and Lion Ministries, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2022

	Program Activities			Supporting Activities			Total
	Outreach Services	Missions	Programs Subtotal	Administration	Fund Raising	Supporting Subtotal	
Expenses:							
Minister Salaries & Benefits	368,760	85,098	453,858	102,118	11,346	113,464	567,322
Staff Salaries	494,344	-	494,344	139,430	-	139,430	633,774
Other Benefits	34,536	-	34,536	12,774	-	12,774	47,310
Main Office Building	29,750	-	29,750	2,674	1,003	3,677	33,427
Director's Office	4,886	-	4,886	-	-	-	4,886
Outreach Director's Home	6,115	-	6,115	-	-	-	6,115
Storage Building	1,290	-	1,290	-	-	-	1,290
Video Studio	12,306	-	12,306	-	786	786	13,092
Property	10,938	-	10,938	1,082	-	1,082	12,020
Furniture	824	-	824	-	-	-	824
Equipment	18,602	-	18,602	-	-	-	18,602
Vehicles	6,544	-	6,544	-	-	-	6,544
Media Outreach	920,910	-	920,910	-	-	-	920,910
Magazine	36,770	7,531	44,301	-	-	-	44,301
Books	44,059	-	44,059	-	-	-	44,059
Other Publications	19,319	-	19,319	-	-	-	19,319
Internet/WWW	6,704	-	6,704	-	-	-	6,704
Conferences & Pilgrimage	39,775	-	39,775	-	-	-	39,775
Meetings & Seminars	4,236	-	4,236	-	419	419	4,655
Domestic Missions	-	20,443	20,443	-	-	-	20,443
Foreign Missions	-	147,648	147,648	-	-	-	147,648
Communications	58,095	-	58,095	17,271	3,140	20,411	78,506
Benevolence	-	(10)	(10)	-	-	-	(10)
Supplies	4,860	-	4,860	534	534	1,068	5,928
Computer Software	22,330	-	22,330	1,175	-	1,175	23,505
Mileage	1,763	-	1,763	-	240	240	2,003
Publications – General	118	-	118	-	-	-	118
Promotions	15,584	-	15,584	-	-	-	15,584
Professional Services	31,592	-	31,592	38,612	-	38,612	70,204
Miscellaneous	69,476	-	69,476	11,310	-	11,310	80,786
Depreciation	62,728	-	62,728	-	-	-	62,728
<b>Total Expenses</b>	<b>2,327,214</b>	<b>260,710</b>	<b>2,587,924</b>	<b>326,980</b>	<b>17,468</b>	<b>344,448</b>	<b>2,932,372</b>

The accompanying notes are an integral part of these financial statements



Lamb and Lion Ministries, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2021

	Program Activities			Supporting Activities			Total
	Outreach Services	Missions	Programs Subtotal	Administration	Fund Raising	Supporting Subtotal	
Expenses:							
Minister Salaries & Benefits	282,782	65,258	348,040	78,308	8,701	87,009	435,049
Staff Salaries	560,086	-	560,086	157,972	-	157,972	718,058
Other Benefits	48,487	-	48,487	17,933	-	17,933	66,420
Main Office Building	22,334	-	22,334	1,969	721	2,690	25,024
Director's Office	5,030	-	5,030	-	-	-	5,030
Outreach Director's Home	5,900	-	5,900	-	-	-	5,900
Storage Building	2,856	-	2,856	-	-	-	2,856
Video Studio	6,340	-	6,340	-	391	391	6,731
Property	6,367	-	6,367	630	-	630	6,997
Furniture	370	-	370	-	-	-	370
Equipment	21,239	-	21,239	-	-	-	21,239
Vehicles	12,306	-	12,306	-	-	-	12,306
Media Outreach	840,871	-	840,871	-	-	-	840,871
Magazine	34,664	7,100	41,764	-	-	-	41,764
Books	42,574	-	42,574	-	-	-	42,574
Other Publications	45,198	-	45,198	-	-	-	45,198
Internet/WWW	7,301	-	7,301	-	-	-	7,301
Conferences & Pilgrimage	55,441	-	55,441	-	-	-	55,441
Meetings & Seminars	7,240	-	7,240	-	697	697	7,937
Domestic Missions	-	22,420	22,420	-	-	-	22,420
Foreign Missions	-	194,340	194,340	-	-	-	194,340
Communications	70,905	-	70,905	20,804	3,941	24,745	95,650
Benevolence	-	825	825	-	-	-	825
Supplies	4,941	-	4,941	537	543	1,080	6,021
Computer Software	17,311	-	17,311	834	-	834	18,145
Mileage	975	-	975	-	139	139	1,114
Publications – General	60	-	60	-	-	-	60
Promotions	21,990	-	21,990	-	-	-	21,990
Professional Services	29,341	-	29,341	36,302	-	36,302	65,643
Miscellaneous	88,445	-	88,445	14,574	-	14,574	103,019
Depreciation	51,095	-	51,095	-	-	-	51,095
Total Expenses	<u>2,292,449</u>	<u>289,943</u>	<u>2,582,392</u>	<u>329,863</u>	<u>15,133</u>	<u>344,996</u>	<u>2,927,388</u>

The accompanying notes are an integral part of these financial statements

Lamb and Lion Ministries, Inc.  
Statement of Cash Flows  
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Cash Received from Contributors, Sales, Program Income and Other Income	\$ 3,144,867	\$ 3,556,715
Cash Paid to Suppliers	(1,495,482)	(1,835,955)
Cash Paid to Employees	(1,248,406)	(1,219,527)
Net Cash Provided/(Used) by Operating Activities	400,979	501,233
Cash Flows from Capital Activities:		
Purchase of Capital Assets	(2,500)	-
Net Cash Provided/(Used) by Capital Activities	(2,500)	-
Net Increase/(Decrease) in Cash	398,479	501,233
Cash & Cash Equivalents – Beginning of Year	1,934,754	1,433,521
Cash & Cash Equivalents – End of Year	2,333,233	1,934,754
Reconciliation of Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
Change in Net Assets	212,495	629,327
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities-Video Equipment	-	(191,021)
Depreciation	62,728	51,095
(Increase)/Decrease in Inventory	-	21,902
(Increase)/Decrease in Prepaids	-	(2,883)
(Increase)/Decrease in Furniture & Equipment	(2,500)	
Increase/(Decrease) in Account Payable and Accrued Liabilities	29,977	(7,187)
Retirement Accrual	93,525	-
Compensated Absences	2,254	-
Net Cash Provided/(Used) by Operating Activities	\$ 398,479	\$ 501,233

The accompanying notes are an integral part of these financial statements

LAMB AND LION MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

**Note 1 – Ministry**

The Lamb and Lion Ministries, Inc. (“Ministry”) was founded in 1980 as a non-denominational independent ministry. The ministry does not seek to convert people to any particular Ministry. The ministry is governed by a Board of twelve Trustees who come from a variety of Christian fellowships. The Trustees establish all the policies of the Ministry and meet regularly to review the Ministry’s operations.

The ministry currently operates from its sole location in Texas with the administration and management of the Ministry located in Princeton, Texas.

The ministry believes in operating debt free. Accordingly, the ministry has ended every year of its operations since its founding in 1980 with all its bills paid in full. All the ministry’s land, buildings and equipment are paid for in full.

**Note2 – Significant Accounting Policies**

**Reporting**

The Ministry prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Ministry are described subsequently to enhance the usefulness and understandability of the financial statements.

The Board requires reporting amounts for the Ministry’s total assets, liabilities, and net assets in a statement of financial position; reporting the change in the Ministry’s net assets in a statement of activities; and reporting the change in its cash and cash equivalents in a statement of cash flows.

The Board also requires classification of the Ministry’s net assets and its revenues, expenses, gains, and losses based on the existence or absences of donor-imposed restrictions. Information about the nature and amounts of different types of donor-imposed restrictions shall be displayed in the notes to the financial statements. At December 31, 2022, the Ministry had \$106,980 net assets with donor restrictions, and \$91,591 at December 31, 2021.

**Basis of Accounting**

The Ministry prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of as-sets and liabilities at the date of the financial statements. On an ongoing basis, the Ministry’s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances.

LAMB AND LION MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

**Note 2 – Significant Accounting Policies, continued**

The Ministry's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net Assets without Donor Restrictions*

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Ministry, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net Assets with Donor Restrictions*

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Ministry must continue to use the resources in accordance with the donor's instructions.

The Ministry's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in a perpetual charitable trust held by a bank trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Ministry, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

LAMB AND LION MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

**Note 2 – Significant Accounting Policies, continued**

Cash and Cash Equivalents

Cash equivalents are short term, interesting bearing highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. The Ministry maintains cash balances at financial institutions located in McKinney, Terrell and Royse City, Tx. Deposit accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. The balances occasionally could exceed those limits.

Accounts Receivable

Accounts receivable, if any, are unconditional promises to give that are recognized as revenue when the promise is received. Accounts receivable that are expected to be collected in less than one year are reported at net realizable value. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicated that payment is merely postponed. As of December 31, 2022, and 2021 there were no accounts receivable.

Budget

The Ministry prepares a budget to monitor its financial activities.

Inventory

Inventories are stated at cost less reserved. Inventory consists of product supplies and finished products.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year payment is due, and therefore are reported as restricted until the payment is due, unless the continuation is clearly intended to support activities of the current fiscal year, that is, until all conditions on which they depend are substantially met.

Gift-in-kind Contributions

The Ministry receives contributions in a form other than cash or investments. These are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the Ministry receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimates fair value at the

LAMB AND LION MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

**Note 2 – Significant Accounting Policies, continued**

date of the gift, provided that the value of the asset and its estimated useful life meets the Ministry's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimate fair value of similar space for rent under similar contribution conditions.

The Ministry benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Ministry's program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided contribution, require specialized skills, and are provided by individuals possessing those skills.

**Expense Recognition and Allocation**

The cost of providing the Ministry's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits and payroll taxes are allocated based on management estimates and financial reports prepared by the Ministry. The management estimates are averaged to determine grant percentages of cost allocations.
- Occupancy, depreciation, and amortization, and interest are allocated based upon management estimates and reports prepared by the Ministry. The management estimates are averaged to determine grant percentages for allocation costs.
- Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of management estimates for each area and are averaged for cost allocations to each program and supporting activity.

Every three years, or more often when new space or programs are added, the bases on which costs are allocated are evaluated.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Ministry.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Ministry generally does not conduct its fundraising activities in conjunction with its other activities.

In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and

**Note 2 – Significant Accounting Policies, continued**

general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

**Contract Asset and Contract Liability Disclosures**

Contract assets – Contract assets include unbilled amounts typically resulting from sales under contracts when revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. The amounts may not exceed their estimated net realizable value. Contract assets are classified as current based on our contract operating cycle.

Contract liabilities - Contract liabilities (formerly referred to as customer advances and amounts in excess of costs incurred) include advance payments and billings in excess of revenue recognized. Contract liabilities are classified as current based on our contract operating cycle and reported on a contract-by-contract basis, net of revenue recognized, at the end of each reporting period.

**Revenue Recognition**

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

**Significant Judgments**

Judgment is required to determine the Stand-alone Selling Prices (SSP) for each distinct performance obligation. We use a single amount to estimate SSP for items that are not sold separately.

In instances where SSP is not directly observable, such as when we do not sell the product or service separately, we determine the SSP using information that may include market conditions and other observable inputs.

**Process**

The process for achieving the core revenue recognition principle can be broken down into five steps:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies the performance obligation.

LAMB AND LION MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

**Note 2 – Significant Accounting Policies, continued**

Tax Status

The Ministry is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Ministry are tax deductible to donors under Section 170 of the IRC. The Ministry is not classified as a private foundation. If it is probable that an uncertain tax position will result in a material liability and the amount of the liability can be estimated, the estimated liability is accrued. If the Ministry were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. As of December 31, 2022, and 2021, there were no uncertain tax positions.

Management’s Discussion and Analysis of Financial Condition and Result of Operations

*Source of Cash*

Historically, the Ministry has generated a significant amount of cash from operations and donations. During 2022, the Ministry funded its working capital needs primarily through cash flows from operations and donations. As of December 31, 2022, the Ministry has \$2,333,233 of cash and cash equivalents on hand.

*Uses of Cash*

The Ministry primary uses of cash include the creation and acquisition of new content, personnel costs, media outreach and foreign missions.

**Note 3 – Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2022 are:

Financial assets:	
Cash and cash equivalents	\$ 2,333,233
Account receivable, net	-
Short-term investments	-
Other receivable	-
<u>Total financial assets</u>	<u>2,333,233</u>
Less financial assets held to meet donor-imposed restrictions:	106,980
Less financial assets net receivable within one year:	-
<u>Amount available for general expenditures within one year</u>	<u>\$ 2,226,253</u>

The above table would reflect donor restricted and board designated funds as unavailable because it is the Ministry’s intention to invest those resources for the long-term support of the Ministry. However, in the case of need, the Board of Directors could appropriate resources from either the donor-restricted funds available for general use.



**Note 3 – Liquidity and Availability, continued**

The Ministry has a goal to maintain financial assets on hand to meet at least ninety (90) days of normal operating expenses equal to approximately \$733,093. The Ministry structures 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 Ministry invests cash in excess of daily requirements in various short-term investments, including money market funds and bank savings.

**Note 4 – Fair Value Measurements**

The Ministry reports fair value measures of its assets and liabilities using a three-level hierarchy that priority the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Ministry has access at the measurement date
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets in markets that are not active;
  - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the Ministry measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the ministry is required to measure at fair value (for example, unconditional promises to give and in-kind-contributions).

The primary uses of fair value measures in the Ministry's financial statements are

- Initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- Recurring measurement of short-term investments.
- Recurring measurement of endowment and long-term investments.

Recurring measurement of beneficial interests in trusts.

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**Note 5 – Capital Assets**

All capital assets are stated at cost if the item was purchased, or at fair value at date of acquisition if the asset was donated. Items with a cost greater than \$1,000 are capitalized. A summary of capital assets is as follows:

	Depreciation Method	12/31/2021	Additions	Retirements	12/31/2022
Land		\$ 22,500	-	-	\$ 22,500
Library		10,979	-	-	10,979
Paintings	15-40 yr. S/L	1,500	2,500	-	4,000
Buildings	5 yr. S/L	659,764	-	-	659,765
Vehicles	4-10 yr. S/L	54,841	-	-	54,841
Video Equipment	5 yr. S/L	191,021	-	-	191,021
Equipment	5-15 yr. S/L	479,352	-	-	479,352
Furniture		28,670	-	-	28,670
		1,448,627	2,500	-	1,451,128
Accumulated Depreciation		(929,928)	-	-	(929,656)
		<u>\$ 518,699</u>	<u>2,500</u>	<u>-</u>	<u>\$ 458,472</u>

Depreciation Expense 2022	Depreciation Expense 2021
62,728	51,095

**Note 6 – Accrued Vacation, Sick Leave, and Bonus**

Vacation and sick leave are not paid upon termination; however, employees are entitled to outstanding bonus leave. The liability for bonus leaves at December 31, 2022 and 2021 as \$32,370 and \$30,116, respectively.

**Note 7 – Operating Leases**

The ministry entered into a month-to-month lease, with Pitney Bowes, for a postage machine. The monthly lease payments are \$40.

**Note 8 – Commitments, Contingencies and Risks**

The Ministry, in its ordinary day to day business practices, enters into agreements with various suppliers and vendors. There are no long-term purchase commitments and no liability from any long-term contracts. However, disagreements could occur with vendors and suppliers that could disrupt day to day activity. The Ministry is of the belief that there are no disagreements and no potential threat to the Ministry’s business activity.

**Going Concern**

FASB ASC 205-40-50 requires management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity’s ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). Management shall base its evaluation on relevant conditions and events that are known and reasonable knowable at the date that the financial statements are issued.

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**Note 9 – Related Party Transactions**

There were no related party transactions between the Ministry and its Board or officers

**Note 10 – Concentrations of Risk**

A significant portion, approximately 87.6%, of the Ministry's annual funding comes from undesignated gifts from individuals and entities with 8.5% derived from sales of publications.

As such, the Ministry's ability to generate resources via contributions is dependent upon the economic health of the area and of the State of the contributors.

**Note 11 – Retirement Plans**

The Ministry has never offered retirement benefits. Employees were expected to manage their own income in such a way that they would have adequate savings to combine with Social Security benefits if they reached retirement age.

It is the Board's intention to offer a retirement benefit, giving each employee an option regarding their own retirement expectation. The options are outlined as follows:

Employees may choose to maintain their income with no set-aside for retirement. Upon retirement, we would offer an employee 1 month of base salary + \$100 per year of service (rounded up to the next whole year). For instance, an employee who had worked 11 years and 6 months would receive 1 month of base salary + \$1,200 as a retirement gift. The total amount would be subject to taxation at the employee's individual rate.

In order to qualify for this retirement option, the employee must meet the following "vesting" stipulations:

Retire or resign under favorable circumstances, and with a minimum 2-week notice

- "Favorable circumstances" would exclude any dismissal or firing for cause, including theft or malfeasance

Work a minimum of 5 years at the Ministry

- Employees who leave under favorable circumstances with less than the required vesting longevity will be given \$100 per year of service, rounded up to the next whole year. (For instance, a person who worked 3 years and 9 months would be given \$400 upon separation, resignation, or retirement.)

Employees with longevity greater than 20 years would receive compensation with the following adjustment:

- Instead of \$100 per year of service, they will receive \$200 per year of service upon separation under favorable circumstances.

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**Note 11 – Retirement Plants, continued**

- For instance, a person with 24 years and 5 months of service would receive 1 month of base salary+\$5000 as a separation gift.

**Note 12 – Subsequent Events**

Subsequent events have been evaluated through April 30, 2023, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

**Note 13 – Accounting Pronouncements Revenue Recognition**

The Company adopted ASC 606 using the modified retrospective method applied to all contracts.

The Ministry elects not to provide specific disclosures related to the following:

- Quantitative disaggregation disclosures
- Contract balances
- Transaction price allocated to remaining performance obligations
- Information related to significant judgements
- Use of practical expedients
- Certain information related to costs incurred to obtain or fulfill a contract with a customer

Also, performance obligations disclosures components are:

- When the entity typically satisfies its performance obligations (for example, upon shipment, upon delivery, as services are rendered, or upon completion of service)
- The significant payment terms
- The nature of the goods or services
- Obligations for returns, refunds, and
- Types of warranties and related obligations

Concerning the disclosure of significant judgments, there have been no changes in judgments, that significantly affect the determination of the amount and timing of revenue from contracts with customers.

In addition, data used to determine revenue recognition are:

- the timing of the satisfaction of performance obligations, and
- the transaction price and the amounts allocated to performance obligations

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**Note 13 – Accounting Pronouncements Revenue Recognition, continued**

The entity discloses the election to use the practical expedient regarding the following:

- The existence of a significant financing component
- The incremental costs of obtaining a contract

Revenue has not been impacted by economic factors and are consistently recognized as stated above.

The Ministry applies a practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less.