

Lamb and Lion Ministries, Inc.
(A Not-for-Profit Organization)
Report on Audit of Financial Statements
For the Years Ended December 31, 2021 and 2020

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

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*John F. Coggin, CPA PLLC
222 W Las Colinas Blvd Ste 1650
Irving, TX 75039*

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, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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, 2021 and 2020, and the results of its operations and its cash flows for the years 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.

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.

*John F. Coggin, CPA PLLC
222 W Las Colinas Blvd Ste 1650
Irving, TX 75039*

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.



John F. Coggin, CPA PLLC

Irving, Tx. 75039

January 31, 2022

Lamb and Lion Ministries, Inc.
Statement of Financial Position
December 31, 2021 and 2020

ASSETS	2021	2020
Current Assets:		
Cash & Cash Equivalents	\$ 1,934,754	\$ 1,433,521
Inventory – Publications	109,130	131,032
Prepays	13,088	10,205
Utility Deposits	125	125
Total Current Assets	2,057,097	1,574,883
Capital Assets:		
Land	22,500	22,500
Buildings	659,765	659,765
Vehicles	54,841	54,841
Furniture & Equipment	711,521	520,500
Accumulated Depreciation	(929,928)	(878,834)
Capital Assets, Net	518,699	378,772
Total Assets	\$ 2,575,796	\$ 1,953,655
 LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 53,960	\$ 70,994
Compensated Absences	30,116	20,268
Total Current Liabilities	84,076	91,262
Total Liabilities	84,076	91,262
Net Assets:		
Without Donor Restrictions	2,400,129	1,716,844
With Donor Restrictions	91,591	145,549
Total Net Assets	2,491,720	1,862,393
Total Liabilities and Net Assets	\$ 2,575,796	\$ 1,953,655

The notes to the financial statements are an integral part of this statement

Lamb and Lion Ministries, Inc.
Statement of Activities
For the Years Ended December 31, 2021 and 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Sales	408,789	-	408,789	492,724
Contributions	2,921,055	223,120	3,144,175	3,441,744
Other Income	3,751	-	3,751	147,000
Net Assets Released from Restriction:				
Satisfaction of Program Restrictions	277,078	(277,078)	-	-
Total Revenues	<u>3,610,673</u>	<u>(53,958)</u>	<u>3,556,715</u>	<u>4,081,468</u>
EXPENSES:				
Program Activities:				
Outreach Services	2,292,449	-	2,292,449	2,504,868
Missions	289,943	-	289,943	329,837
Total Program	<u>2,582,392</u>	<u>-</u>	<u>2,582,392</u>	<u>2,834,705</u>
Support Activities:				
Administration	329,863	-	329,863	328,411
Fund Raising	15,133	-	15,133	17,005
Total Support Activities	<u>344,996</u>	<u>-</u>	<u>344,996</u>	<u>345,416</u>
Total Expenses	<u>2,927,388</u>	<u>-</u>	<u>2,927,388</u>	<u>3,180,121</u>
Change in Net Assets	683,285	(53,958)	629,327	901,347
Net Assets – Beginning	<u>1,716,844</u>	<u>145,549</u>	<u>1,862,393</u>	<u>961,046</u>
Net Assets - Ending	<u>2,400,129</u>	<u>91,591</u>	<u>2,491,720</u>	<u>1,862,393</u>

The notes to the financial statements are an integral part of this statement

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	2,292,449	289,943	2,582,392	329,863	15,133	344,996	2,927,388

The notes to the financial statements are an integral part of this statement

Lamb and Lion Ministries, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Activities			Supporting Activities			Total
	Outreach Services	Missions	Programs Subtotal	Administration	Fund Raising	Supporting Subtotal	
Expenses:							
Minister Salaries & Benefits	276,985	63,920	340,905	76,703	8,523	85,226	426,131
Staff Salaries	538,968	-	538,968	152,016	-	152,016	690,984
Other Benefits	47,981	-	47,981	17,746	-	17,746	65,727
Main Office Building	27,092	-	27,092	2,388	874	3,262	30,354
Director's Office	5,030	-	5,030	-	-	-	5,030
Outreach Director's Home	4,326	-	4,326	-	-	-	4,326
Storage Building	2,856	-	2,856	-	-	-	2,856
Video Studio	5,128	-	5,128	-	316	316	5,444
Property	5,243	-	5,243	519	-	519	5,762
Furniture	623	-	623	-	-	-	623
Equipment	15,851	-	15,851	-	-	-	15,851
Vehicles	4,738	-	4,738	-	-	-	4,738
Media Outreach	1,000,681	-	1,000,681	-	-	-	1,000,681
Magazine	42,722	8,750	51,472	-	-	-	51,472
Books	30,530	-	30,530	-	-	-	30,530
Other Publications	45,232	-	45,232	-	-	-	45,232
Internet/WWW	5,531	-	5,531	-	-	-	5,531
Conferences & Pilgrimage	8,007	-	8,007	-	-	-	8,007
Meetings & Seminars	2,460	-	2,460	-	237	237	2,697
Domestic Missions	-	21,609	21,609	-	-	-	21,609
Foreign Missions	-	234,537	234,537	-	-	-	234,537
Communications	110,981	-	110,981	32,563	6,169	38,732	149,713
Benevolence	-	1,021	1,021	-	-	-	1,021
Supplies	6,166	-	6,166	670	678	1,348	7,514
Computer Software	156,868	-	156,868	7,555	-	7,555	164,423
Mileage	1,455	-	1,455	-	208	208	1,663
Publications – General	213	-	213	-	-	-	213
Promotions	11,184	-	11,184	-	-	-	11,184
Professional Services	19,968	-	19,968	24,705	-	24,705	44,673
Miscellaneous	82,206	-	82,206	13,546	-	13,546	95,752
Depreciation	45,843	-	45,843	-	-	-	45,843
Total Expenses	2,504,868	329,837	2,834,705	328,411	17,005	345,416	3,180,121

The notes to the financial statements are an integral part of this statement

Lamb and Lion Ministries, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Cash Received from Contributors, Sales and Other Income	3,556,715	4,081,468
Cash Paid to Suppliers	(1,835,955)	(1,982,497)
Cash Paid to Employees	(1,219,527)	(1,182,842)
Net Cash Provided/(Used) by Operating Activities	501,233	916,129
Net Increase/(Decrease) in Cash	501,233	916,129
Cash & Cash Equivalents – Beginning of Year	1,433,521	517,392
Cash & Cash Equivalents – End of Year	1,934,754	1,433,521
Reconciliation of Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
Change in Net Assets	629,327	901,347
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities-Video Equipment	(191,021)	-
Depreciation	51,095	45,843
(Increase)/Decrease in Inventory	21,902	10,158
(Increase)/Decrease in Prepays	(2,883)	(1,476)
Increase/(Decrease) in Account Payable	(8,060)	(39,841)
Increase/(Decrease) in Deferred Revenue	873	98
Net Cash Provided/(Used) by Operating Activities	501,233	916,129

The notes to the financial statements are an integral part of this statement

LAMB AND LION MINISTRIES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 church. The ministry is governed by a Board of twenty-two 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, 2021, the Ministry had \$91,591 net assets with donor restrictions, and \$145,549 at December 31, 2020.

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

LAMB AND LION MINISTRIES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 2 – Significant Accounting Policies, continued

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
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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, 2021, and 2020 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 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.

LAMB AND LION MINISTRIES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 2 – Significant Accounting Policies, continued

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

LAMB AND LION MINISTRIES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 2 – Significant Accounting Policies, continued

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
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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, 2021, and 2020, there were no uncertain tax positions.

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, 2021 are:

Financial assets:	
Cash and cash equivalents	1,934,754
Account receivable, net	-
Short-term investments	-
Other receivable	-
Total financial assets	1,934,754
Less financial assets held to meet donor-imposed restrictions:	91,591
Less financial assets net receivable within one year:	-
Amount available for general expenditures within one year	1,843,163

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 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

LAMB AND LION MINISTRIES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021 and 2020

Note 4 – Fair Value Measurements, Continued

- 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.

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	12/31/2020	Additions	Retirements	12/31/2021
Land		22,500			22,500
Library		10,979			10,979
Paintings	15-40 yr. S/L	1,500			1,500
Buildings	5 yr. S/L	659,764			659,764
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
		1,257,606	191,021	-	1,448,627
Accumulated Depreciation		(878,834)	(51,095)	1	(929,928)
		<u>378,772</u>	<u>139,926</u>	<u>1</u>	<u>518,699</u>

Depreciation Expense 2021	Depreciation Expense 2020
51,095	45,843

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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, 2021 and 2020 as \$30,116 and \$20,268, respectively.

Note 7 – Operating Leases

The ministry entered into an operating lease on December 12, 2016, with Pitney Bowes, for Digital Meter. The monthly lease payments are \$231 and are billed quarterly for \$693. The lease term is for sixty months, and was paid in full during 2021.

Note 8 – Commitments and Contingencies

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.

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 75.2%, of the Ministry's annual funding comes from undesignated gifts from individuals and entities with 12.1% 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 no retirement plans in place.

Note 12 – Subsequent Events

Subsequent events have been evaluated through January 31, 2022, 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.

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Note 13 – Accounting Pronouncements Revenue Recognition

The Company adopted ASC 606 using the modified retrospective method applied to all contracts not completed for annual reporting periods beginning after December 15, 2019. Results for reporting periods beginning after December 15, 2019 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustment was recorded.

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

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.

We apply 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. These costs include our internal sales force compensation program and certain partner sales incentive programs as we have determined annual compensation is commensurate with annual sales activities.

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Note 14 – Accounting Pronouncements - Leases

In February 2016, the FASB issued ASU 2016-02, Leases. This updated requires lessees to recognize at the lease commencement date a lease liability which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right of use assets, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. In June 2020, the FASB issued ASU 2020-05, which allowed certain entities that have not yet issued financial statements to defer application of the new recognition guidance by one additional year, making these changes effective for the Company for annual reporting periods beginning after December 15, 2021. The Company elected to defer application and is currently evaluating the impact of the adoption of this standard on its financial statements.