

Man in the Mirror, Inc.

FINANCIAL STATEMENTS

December 31, 2019 and 2018



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Man in the Mirror, Inc.
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December 31, 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Man in the Mirror, Inc.
Casselberry, Florida

We have audited the accompanying financial statements of Man in the Mirror, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Man in the Mirror, Inc. as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Man in the Mirror, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 3, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Orlando, Florida
April 3, 2020

Man in the Mirror, Inc.
Statements of Financial Position

| <i>December 31,</i> | 2019 | 2018 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,367,143 | \$ 1,263,708 |
| Contributions in transit | 61,390 | 21,313 |
| Other assets | 2,640 | 2,640 |
| Inventory | 57,194 | 53,727 |
| Life insurance cash surrender value | 36,825 | - |
| Property, furniture, and equipment, net | 1,522,294 | 1,528,043 |
| Total assets | \$ 3,047,486 | \$ 2,869,431 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 67,513 | \$ 69,930 |
| Contract liability | 721 | 3,106 |
| Capital lease obligation | 44,691 | 23,788 |
| Long-term debt | 786,944 | 819,026 |
| Total liabilities | 899,869 | 915,850 |
| Net assets | | |
| Without donor restrictions | 1,105,958 | 1,104,618 |
| With donor restrictions | 1,041,659 | 848,963 |
| Total net assets | 2,147,617 | 1,953,581 |
| Total liabilities and net assets | \$ 3,047,486 | \$ 2,869,431 |

See accompanying notes to financial statements.

Man in the Mirror, Inc.
Statement of Activities

| <i>For the years ended December 31,</i> | | | (Summarized) | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Without Donor | With Donor | 2019 | 2018 |
| | Restrictions | Restrictions | Total | Total |
| Revenues and other support | | | | |
| Contributions | \$ 3,733,523 | \$ 254,470 | \$ 3,987,993 | \$ 3,374,835 |
| Resource revenue | 124,639 | - | 124,639 | 137,646 |
| Event revenue | 68,626 | - | 68,626 | 135,467 |
| Other revenue | 18,661 | - | 18,661 | 52,985 |
| Net assets released from restrictions | 61,774 | (61,774) | - | - |
| Total revenues and other support | 4,007,223 | 192,696 | 4,199,919 | 3,700,933 |
| Expenses | | | | |
| Program expenses | | | | |
| Resource Ministry | 152,154 | - | 152,154 | 177,456 |
| Area Directors | 2,298,797 | - | 2,298,797 | 2,127,751 |
| NMLB | 122,677 | - | 122,677 | 125,441 |
| Events | 93,152 | - | 93,152 | 88,622 |
| Other ministry activities | 190,439 | - | 190,439 | 190,116 |
| Total program expenses | 2,857,219 | - | 2,857,219 | 2,709,386 |
| Supporting expenses | | | | |
| General and administrative | 236,072 | - | 236,072 | 232,520 |
| Fund raising | 912,592 | - | 912,592 | 627,759 |
| Total support services | 1,148,664 | - | 1,148,664 | 860,279 |
| Total expenses | 4,005,883 | - | 4,005,883 | 3,569,665 |
| Increase in net assets | 1,340 | 192,696 | 194,036 | 131,268 |
| Net assets at beginning of year | 1,104,618 | 848,963 | 1,953,581 | 1,822,313 |
| Net assets at end of year | \$ 1,105,958 | \$ 1,041,659 | \$ 2,147,617 | \$ 1,953,581 |

See accompanying notes to financial statements.

Man in the Mirror, Inc.
Statements of Functional Expenses

For the year ended December 31, 2019

| | Program Expenses | | | | | Supporting Expenses | | Total Expenses |
|---|-------------------|---------------------|-------------------|------------------|---------------------------|----------------------------|-------------------|---------------------|
| | Resource Ministry | Area Directors | NMLB | Events | Other Ministry Activities | General and Administrative | Fund Raising | |
| Payroll, benefits and related costs | \$ 65,007 | \$ 1,679,130 | \$ 86,366 | \$ 57,100 | \$ 115,329 | \$ 148,872 | \$ 326,773 | \$ 2,478,577 |
| Event expense | 2,878 | 128,777 | 7,783 | (2,015) | 20,500 | 427 | 512,556 | 670,906 |
| Administration costs | 11,572 | 138,425 | 6,660 | 5,589 | 22,351 | 49,470 | 14,178 | 248,245 |
| Travel | 1,377 | 136,452 | - | 2,409 | 2,927 | 5 | 19,727 | 162,897 |
| Marketing | 1,900 | 34,520 | 162 | 2,797 | 10,691 | 7 | 10,505 | 60,582 |
| Product expense | 54,597 | 24,777 | 2,067 | 4,586 | 754 | 962 | 2,757 | 90,500 |
| Other expenses | 6,236 | 42,356 | 4,652 | 3,498 | 4,607 | 4,743 | 13,217 | 79,309 |
| Technology expense | 3,073 | 42,243 | 3,688 | 2,958 | 4,908 | 1,477 | 3,896 | 62,243 |
| Professional fees | 12 | 646 | 15 | 12 | 18 | 19,167 | 157 | 20,027 |
| Depreciation | 3,104 | 16,298 | 3,880 | 3,104 | 4,657 | 4,657 | 3,104 | 38,804 |
| Printed materials | 80 | 16,673 | 4,525 | 10,784 | 220 | 90 | 2,668 | 35,040 |
| Utilities | 1,644 | 13,608 | 2,026 | 1,636 | 2,395 | 2,307 | 2,275 | 25,891 |
| Furniture and equipment - maintenance and repairs | 674 | 24,892 | 853 | 694 | 1,082 | 3,888 | 779 | 32,862 |
| Total expenses | \$ 152,154 | \$ 2,298,797 | \$ 122,677 | \$ 93,152 | \$ 190,439 | \$ 236,072 | \$ 912,592 | \$ 4,005,883 |

See accompanying notes to financial statements.

Man in the Mirror, Inc.
Statements of Functional Expenses (Continued)

For the year ended December 31, 2018

| | Program Expenses | | | | | Supporting Expenses | | Total Expenses |
|---|-------------------|---------------------|-------------------|------------------|---------------------------|----------------------------|-------------------|---------------------|
| | Resource Ministry | Area Directors | NMLB | Events | Other Ministry Activities | General and Administrative | Fund Raising | |
| Payroll, benefits and related costs | \$ 62,480 | \$ 1,575,395 | \$ 84,908 | \$ 60,018 | \$ 118,172 | \$ 141,088 | \$ 285,975 | \$ 2,328,036 |
| Event expense | 3,677 | 78,090 | 3,484 | 744 | 17,397 | 1,043 | 191,893 | 296,328 |
| Administration costs | 10,382 | 149,465 | 8,290 | 6,292 | 20,258 | 47,705 | 34,511 | 276,903 |
| Travel | 368 | 111,987 | 2,151 | 925 | 3,118 | - | 23,691 | 142,240 |
| Marketing | 11,513 | 44,133 | 4,413 | 3,150 | 14,128 | 2,378 | 40,623 | 120,338 |
| Product expense | 72,671 | 22,631 | 979 | 2,060 | 795 | 918 | 7,035 | 107,089 |
| Other expenses | 6,702 | 45,276 | 4,414 | 3,357 | 4,446 | 4,759 | 14,757 | 83,711 |
| Technology expense | 4,427 | 37,025 | 3,291 | 2,705 | 4,461 | 1,360 | 4,084 | 57,353 |
| Professional fees | - | 13,900 | - | - | - | 22,014 | 12,000 | 47,914 |
| Depreciation | 2,947 | 15,471 | 3,684 | 2,946 | 4,420 | 4,420 | 2,947 | 36,835 |
| Printed materials | 131 | 12,461 | 7,149 | 4,636 | 134 | 357 | 6,856 | 31,724 |
| Utilities | 1,893 | 12,299 | 1,999 | 1,502 | 2,254 | 2,380 | 2,221 | 24,548 |
| Furniture and equipment - maintenance and repairs | 265 | 9,618 | 679 | 287 | 533 | 4,098 | 1,166 | 16,646 |
| Total expenses | \$ 177,456 | \$ 2,127,751 | \$ 125,441 | \$ 88,622 | \$ 190,116 | \$ 232,520 | \$ 627,759 | \$ 3,569,665 |

See accompanying notes to financial statements.

Man in the Mirror, Inc.
Statements of Cash Flows

| <i>For the years ended December 31,</i> | 2019 | 2018 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Changes in net assets | \$ 194,036 | \$ 131,268 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities | | |
| Depreciation | 38,804 | 36,835 |
| Gain on disposal of assets | (2,951) | - |
| Donated life insurance policy | (36,825) | - |
| (Increase) decrease in | | |
| Contributions in transit | (40,077) | 56,292 |
| Inventory | (3,467) | 8,047 |
| Decrease in | | |
| Accounts payable and accrued expenses | (2,417) | (58,358) |
| Contract liability | (2,385) | (16,658) |
| Total adjustments | (49,318) | 26,158 |
| Net cash provided by operating activities | 144,718 | 157,426 |
| Cash flows from financing activities | | |
| Payments on capital lease obligation | (9,004) | (6,905) |
| Payments on long-term debt | (32,279) | (30,841) |
| Net cash used by financing activities | (41,283) | (37,746) |
| Net increase in cash and cash equivalents | 103,435 | 119,680 |
| Balance, beginning of year | 1,263,708 | 1,144,028 |
| Balance, end of year | \$ 1,367,143 | \$ 1,263,708 |
| Non-cash investing and financing activities | | |
| Issuance of copier capital lease | \$ 29,907 | - |

See accompanying notes to financial statements.

NOTE 1: NATURE OF ACTIVITIES

Man in the Mirror, Inc. (the “Organization”) is a not-for-profit Florida corporation. The Organization is dedicated to spreading the Christian gospel and accomplishes its mission primarily through the dissemination of Christian literature through a resource ministry, Area Directors program, Leadership Training Center (a program outreach directed at men’s discipleship and evangelism), as well as speaking engagements, worship meetings, seminars, and other ministry activities. The Organization is based in Casselberry, Florida.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Support

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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.”

Revenue

The Organization sells books and other resources such as CDs, DVDs, workbooks, and hats.

The Organization assists churches with hosting men’s events. The Organization receives a fee for the event materials and the church markets and event and administers the registration process. For an additional fee, the Organization can also facilitate the event.

No Man Left Behind events (“NMLB”) are city-wide events. The host church enters into a contract with the Organization to hold the event. Each individual who wants to attend this event pays a tuition fee in advance of the event.

Revenue is recognized when performance obligations under the terms of the contracts with customers are satisfied, which would be the point of time when the goods are shipped to the customer or the period of time when the events occur.

Basis of Presentation

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, the comparative information presented should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2018, from which the summarized information was derived.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers all investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Contributions in Transit

Contributions in transit are expected to be realized within one month from the statement of financial position date. As of December 31, 2019 and 2018, contributions in transit consisted of gifts of cash without donor restrictions totaling \$61,390 and \$21,313, respectively, that were postmarked but not received and deposited as of year-end.

Inventory

Inventory, consisting of books, CDs and DVDs, workbooks, and gifts is accounted for at the lower of cost or market value on a first in-first out basis and includes the shipping costs of inventory received.

Property, Furniture, and Equipment

Property, furniture, and equipment are carried at depreciated cost or fair value at the time of donation, if donated. Depreciation is provided on the straight-line basis over the assets' estimated useful lives, which are generally as follows:

| | |
|------------------------------------|-------------|
| Building and building improvements | 40 years |
| Office furniture and equipment | 5 years |
| Computer equipment and software | 3 - 5 years |

Additions and betterments are capitalized, while maintenance and repairs that do not improve or extend the lives of the respective assets are expensed currently. It is the Organization's policy to capitalize property and equipment with a cost or estimated fair value over \$5,000 at the date of gift or purchase and a useful life of over 1 year.

Contract Liability

Contract liability consists primarily of event fees collected in advance of the related events.

Debt Issuance Costs

Under the requirements of FASB ASC 835-30, debt issuance costs are presented in the accompanying statements of financial position as a reduction of the carrying amount of the long-term debt. The estimated annual amortization expense is approximately \$200 for 2020 through 2036.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

The Organization has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Organization to any material income tax exposure. A reconciliation of the beginning and ending amount of unrecognized tax benefit is not included, nor is there any interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses as there are no unrecognized tax benefits.

Advertising Costs

Costs of advertising are expensed as incurred. Advertising expense was approximately \$46,500 and \$99,000, for the years ended December 31, 2019 and 2018, respectively.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those related to determining the useful lives of property, furniture, and equipment and those used in the functional allocation of expenses. Actual results could differ from the estimates.

Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of the general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across program expenses and other supporting expenses based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents and usage of office space by a program or other support service versus the total office space.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize 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. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

Effective January 1, 2019, the Organization adopted ASC 606, using the full retrospective method which required the Organization to restate each prior reporting year presented. The difference to revenue and cost recognition-related account balances at December 31, 2019, under the new guidance as opposed to the prior revenue recognition guidance for that contract was determined to be immaterial. Accordingly, no adjustment to beginning retained earnings was necessary. The balance of contract liability was as follows:

| <i>December 31,</i> | 2019 | 2018 |
|----------------------------|-------------|-------------|
| Beginning of year | \$ 3,106 | \$ 19,764 |
| End of year | \$ 721 | \$ 3,106 |

During 2019 and 2018, the Organization recognized revenue of \$3,106 and \$19,764, that was included in contract liabilities at December 31, 2019 and 2018, respectively.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.

NOTE 3: PROPERTY, FURNITURE, AND EQUIPMENT

Property, furniture, and equipment consisted of the following:

| <i>December 31,</i> | 2019 | 2018 |
|---|---------------------|--------------|
| Land | \$ 602,690 | \$ 602,690 |
| Building and building improvements | 931,603 | 931,603 |
| Office furniture and equipment | 52,044 | 52,044 |
| Computer equipment and software | 131,438 | 125,337 |
| | 1,717,775 | 1,711,674 |
| Less accumulated depreciation | (195,481) | (183,631) |
| Property, furniture, and equipment, net | \$ 1,522,294 | \$ 1,528,043 |

Depreciation expense amounted to \$38,804 and \$36,835 for 2019 and 2018, respectively.

Man in the Mirror, Inc.
Notes to Financial Statements

NOTE 4: CAPITAL LEASE OBLIGATION

In 2016, the Organization entered into a 60 month non-cancelable capital lease agreement for two copiers. In May 2019, the Organization traded in one of these copiers for a new one and entered into a new lease agreement for the new copier and the remaining copier for 63 months. The transaction resulted in the following non-cash investing and financing activity:

| <i>For the year ended December 31,</i> | 2019 |
|--|-------------|
| New capital lease obligation at time of inception | \$ 50,687 |
| Less balance of capital lease obligation at time of exchange | (20,780) |
| New copier obtained through new copier capital lease obligation, net of trade-in | \$ 29,907 |

The Organization recorded a disposal of the original capital lease asset and capital lease obligation and recognized a gain of approximately \$3,000 on the trade-in. The Organization then recognized a new capital lease asset and capital lease liability. Required monthly payments on the lease are \$870.50 through August 2024.

Gross amounts of office equipment and related accumulated depreciation recorded under the capital lease obligations are as follows:

| <i>December 31,</i> | 2019 | 2018 |
|-------------------------------|-------------|-------------|
| Furniture and equipment | \$ 50,697 | \$ 44,596 |
| Less accumulated depreciation | (6,438) | (23,784) |
| | \$ 44,259 | \$ 20,812 |

The following is a schedule of future minimum lease payments under the capital lease agreement, together with the present value of the net minimum lease payments for the years ending December 31:

| | |
|---|-----------|
| 2020 | \$ 10,446 |
| 2021 | 10,446 |
| 2022 | 10,446 |
| 2023 | 10,446 |
| 2024 | 6,092 |
| Total minimum lease payments | 47,876 |
| Less amount representing interest | 3,185 |
| Present value of net minimum lease payments | \$ 44,691 |

Man in the Mirror, Inc.
Notes to Financial Statements

NOTE 5: LONG-TERM DEBT

Long-term debt at December 31 is as follows:

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| Twenty-year term construction note payable due March 4, 2036, collateralized by a blanket lien on substantially all assets and any leases on the building bearing interest at 4.5%. Monthly principal and interest payments of approximately \$5,700. | \$ 794,238 | \$ 826,517 |
| Less unamortized debt issuance costs | <u>(7,294)</u> | <u>(7,491)</u> |
| | <u>\$ 786,944</u> | <u>\$ 819,026</u> |

The construction note payable contains various affirmative covenants relating to the Organization's financial performance, operating results and reporting, including to maintain a minimum net worth of not less than \$560,000 and to maintain a minimum debt service coverage ratio of no less than 1.25. Additionally, there is a prepayment fee that will be incurred if the construction note payable is prepaid by another financial institution during the first five years of the loan. The loan is collateralized by the building, land, assignment of rents and leases on the property, and all other business assets of the Organization.

For the years ended December 31, 2019 and 2018, interest expense relating to the long-term debt was \$38,280 and \$38,477, respectively.

The aggregate principal payments for the remaining life of the long-term debt are as follows for the year ended December 31:

| | | |
|------------|-----------|----------------|
| 2020 | \$ | 33,604 |
| 2021 | | 35,147 |
| 2022 | | 36,762 |
| 2023 | | 38,451 |
| 2024 | | 40,217 |
| Thereafter | | <u>610,057</u> |
| | <u>\$</u> | <u>794,238</u> |

Man in the Mirror, Inc.
Notes to Financial Statements

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 and 2018, were restricted by donors for the following purposes:

| | 2019 | 2018 |
|----------------------------------|---------------------|-------------------|
| <hr/> | | |
| Restricted for specific purpose: | | |
| Area Directors ministries | \$ 1,039,000 | \$ 794,074 |
| Donor conference | - | 50,000 |
| Other ministry activities | 2,659 | 4,889 |
| <hr/> | | |
| | \$ 1,041,659 | \$ 848,963 |
| <hr/> <hr/> | | |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Net assets released from restrictions during the years ended December 31, 2019 and 2018 are as follows:

| | 2019 | 2018 |
|------------------------------------|------------------|-------------------|
| <hr/> | | |
| Purpose restrictions accomplished: | | |
| Donor conference | \$ 50,000 | \$ - |
| Gala fundraiser | - | 100,000 |
| Other ministry activities | 11,774 | 21,105 |
| <hr/> | | |
| | \$ 61,774 | \$ 121,105 |
| <hr/> <hr/> | | |

NOTE 7: OPERATING LEASES

Operating Lease Income

During the year ended December 31, 2017, the Organization entered into a lease agreement with a tenant for office space with terms of two years that expired in August 2019. The lease was terminated one month early in July 2019. In August 2019, the Organization entered into a new lease agreement with a tenant for that same office space with a term of two years through July 2021. Lease income related to all operating leases was approximately \$10,700 and \$8,900 for the years ended December 31, 2019 and 2018, respectively and is included in the accompanying statement of activities as other revenue. Future minimum lease payments under this lease are as follows:

| | | |
|------------------------------|-----------|---------------|
| 2020 | \$ | 11,300 |
| 2021 | | 7,000 |
| <hr/> | | |
| Total minimum lease payments | \$ | 18,300 |
| <hr/> <hr/> | | |

NOTE 8: RETIREMENT PLAN

The Organization participates in a defined contribution 401(k) retirement plan (the “Plan”). Employees are eligible to participate in the Plan upon completing six months of service, as defined in the Plan document. Eligible employees may make salary deferral contributions to the Plan. Additionally, the Organization may make discretionary matching contributions to the Plan. Employees vest in employer contributions over a six-year graded period. Employer contributions to the Plan were approximately \$41,400 and \$43,900, for the years ended December 31, 2019 and 2018, respectively.

NOTE 9: CONCENTRATIONS

The Organization hosted a new fundraising event in 2019 that led to an increase in donations. As a result, 20% of the Organization’s contribution revenue in 2019 was made up of donations from one event.

The Organization maintains cash and cash equivalent deposits at banks and other financial institutions. Cash deposits in the banks, at times, exceed federally insured limits. Cash equivalent deposits in other financial institutions are not federally insured. The Organization has not experienced any losses in its cash and cash equivalents, and believes that there is no significant risk with respect to these deposits.

NOTE 10: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

| <i>December 31,</i> | 2019 | 2018 |
|--|--------------|--------------|
| Cash and cash equivalents | \$ 1,367,143 | \$ 1,263,708 |
| Contributions in transit | 61,390 | 21,313 |
| Total financial assets available within one year | 1,428,533 | 1,285,021 |
| Less amounts unavailable for general expenditures within one year, due to | | |
| Restricted by donors with purpose restrictions | (1,041,659) | (848,963) |
| Total financial assets available to management for general expenditures within one year | \$ 386,874 | \$ 436,058 |

NOTE 10: LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

Liquidity Management

Management of the Organization monitors its cash flow by reviewing cash flow reports on a weekly basis. Although borrowing money is an option, management prefers to control cash flow by reducing expenses. In addition, the Organization will negotiate extended terms for larger purchases, reduce salaries, or reduce employees if a cash flow need arises.

See Note 5 regarding minimum net worth requirements the Organization has in conjunction with its long-term debt.

NOTE 11: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash was paid during the year for:

| | 2019 | 2018 |
|--------------|-----------|-----------|
| Interest | \$ 38,280 | \$ 38,477 |
| Income taxes | \$ - | \$ - |

NOTE 12: SUBSEQUENT EVENTS

Subsequent events were evaluated through the date the financial statements were available to be issued. The financial statements were approved and authorized for issue by management on April 3, 2020.

The COVID-19 outbreak in the United States has caused wide-spread business disruption that can have an adverse effect on contributions and revenue for the Organization. As a result of the outbreak, the Organization canceled the annual gala fundraising event. The related financial impact and duration cannot be determined at this time.