

CHRISTIAN LEADERS NFP
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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Independent Auditor's Report

Board of Directors
Christian Leaders NFP
Clearwater, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Christian Leaders NFP which comprise the statement of financial position as of December 31, 2020, 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Leaders NFP as of December 31, 2020, 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.

EGH & Associates

Orland Park, Illinois
June XX, 2021

CHRISTIAN LEADERS NFP
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS

Cash - checking and money market accounts	\$174,641
Property and equipment:	
Building and improvements	347,546
Furniture and equipment	99,650
Accumulated depreciation	<u>(99,402)</u>
Total property and equipment	<u>347,794</u>
TOTAL ASSETS	<u><u>\$522,435</u></u>

LIABILITIES & NET ASSETS

Liabilities:	
Accounts payable	\$16,681
Note payable	<u>131,100</u>
Total liabilities	147,781
Net assets - without donor restrictions	<u>374,654</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$522,435</u></u>

See notes to financial statements

CHRISTIAN LEADERS NFP
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Changes in net assets without donor restrictions:

Revenues and gains:	
Donations	\$1,530,082
Paycheck Protection Program proceeds	163,890
In-kind advertising	120,000
Other	<u>1,603</u>
Total revenues and gains without donor restrictions	1,815,575
Expenses and losses:	
Program services	1,470,353
Management and general	134,684
Fundraising	<u>99,484</u>
Total expenses and losses	<u>1,704,521</u>
Increase in net assets without donor restrictions	111,054
Net assets at beginning of year	<u>263,600</u>
Net assets at end of year	<u><u>\$374,654</u></u>

See notes to financial statements

CHRISTIAN LEADERS NFP
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services	Mgmt & General	Fund Raising	Total
Salaries and wages	\$754,035	\$101,658	\$84,100	\$939,793
Payroll taxes	39,547	5,332	4,411	49,290
Employee benefits	14,177	1,912	1,581	17,670
Consulting	153,046	0	0	153,046
Online advertising	120,000	0	0	120,000
Materials and supplies	109,288	0	0	109,288
Promotion and publications	56,756	0	6,306	63,062
Utilities and maintenance	43,136	0	0	43,136
Office expenses	31,706	5,945	1,982	39,633
Bank and credit card charges	33,537	0	0	33,537
Travel and meals	30,351	0	0	30,351
Marketing and development	22,237	0	0	22,237
Telephone and communications	17,670	3,313	1,104	22,087
Depreciation	21,670	0	0	21,670
Professional fees	0	16,524	0	16,524
Licenses and fees	10,107	0	0	10,107
Insurance	7,234	0	0	7,234
Interest	5,856	0	0	5,856
Total Functional Expenses	<u>\$1,470,353</u>	<u>\$134,684</u>	<u>\$99,484</u>	<u>\$1,704,521</u>

See notes to financial statements

CHRISTIAN LEADERS NFP
STATEMENT OF CASH FLOWS
Year Ended December 31, 2020

Cash flows from operating activities:	
Increase in net assets	\$111,054
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	21,670
Increase in accounts payable	<u>5,906</u>
Net cash provided by operating activities	138,630
Cash flows from investing activities:	
Purchases of property and equipment	(30,758)
Cash flows from financing activities:	
Principal repayments on note payable	<u>(5,847)</u>
Net increase in cash	102,025
Cash at beginning of year	<u>72,616</u>
Cash at end of year	<u><u>\$174,641</u></u>

Supplemental information:	
Cash paid during the year for interest	\$5,856

See notes to financial statements

CHRISTIAN LEADERS NFP
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – ORGANIZATION

Christian Leaders NFP (The Organization) was incorporated on February 9, 2005. The Organization is a ministry of Christian leaders dedicated to planting and supporting reproducible, multi-generational, and multi-relational discipleship and evangelism. They seek to train pastors and leaders for the church to live and reproduce a vital daily walk with God.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment: Property and equipment are recorded at cost, or if donated, at the estimated value at the date of donation. Items are depreciated over their estimated useful lives using the straight-line method.

Donated materials and services: Donated items and other non-cash donations are recorded as contributions at their estimated market value, if determinable, at the date of the donation. Non-cash donations of undeterminable value have not been reflected in the financial statements since no objective basis is available to measure them.

Functional expenses: The costs of providing program services, fundraising and other administrative activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the program services, fundraising, and administrative activities based on space or time allocation rates.

Income Taxes: The Organization qualifies as tax exempt under section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to income taxes.

Pervasiveness of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could be different.

Subsequent Events: These financial statements considered subsequent events through **June XX, 2021**, the date the financial statements were available to be issued.

COVID-19: In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, all of which are uncertain and cannot be predicted.

CHRISTIAN LEADERS NFP
NOTES TO FINANCIAL STATEMENTS – Continued
December 31, 2020

NOTE 3 – PAYCHECK PROTECTION PROGRAM

The Organization received a Paycheck Protection Program (PPP) loan of \$163,890 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds. The Organization recognized the amount received as revenue as qualifying expenses occurred / barriers to entitlement were met. The loan has been forgiven in full.

NOTE 4 – NET ASSETS AND AVAILABILITY OF FINANCIAL ASSETS

Net assets with donor restrictions are restricted for a specific purpose or period. As of December 31, 2020, there were no donor restrictions on net assets. Net assets without donor restrictions are not subject to donor-imposed stipulations and may be used for general expenditures. The Organization has financial assets of \$174,641 as of December 31, 2020, all of which are available for general use within one year.

NOTE 5 – NOTE PAYABLE

The Organization secured a mortgage loan as part of a property acquisition in 2016. The loan bears interest at 4.25% and is secured by a mortgage on the property acquired. Monthly principal and interest payments are calculated using a 20-year amortization with a balloon payment for the unpaid balance on May 11, 2021. Scheduled principal payments are \$131,100 for the year ended December 31, 2021.

NOTE 6 – NON-CASH DONATIONS

Non-cash donations included in the financial statements are as follows:

In-kind online advertising	\$120,000
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