

CHRISTIAN LEADERS NFP
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2021

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Independent Auditor's Report

Board of Directors
Christian Leaders NFP
Clearwater, Florida

Opinion

We have audited the accompanying financial statements of Christian Leaders NFP (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Leaders NFP as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Christian Leaders NFP 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 Christian Leaders NFP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Christian Leaders NFP'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 Christian Leaders NFP'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.

EGH & Associates

Orland Park, Illinois
May 19, 2022

CHRISTIAN LEADERS NFP
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

Cash - checking and money market accounts	\$484,616
Prepaid rent	12,000
Security deposit	1,000
Property and equipment:	
Building and improvements	347,546
Furniture and equipment	105,167
Accumulated depreciation	<u>(121,246)</u>
Total property and equipment	<u>331,467</u>
TOTAL ASSETS	<u><u>\$829,083</u></u>

LIABILITIES & NET ASSETS

Liabilities:	
Accounts payable	\$16,082
Note payable	<u>125,987</u>
Total liabilities	142,069
Net assets - without donor restrictions	<u>687,014</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$829,083</u></u>

See notes to financial statements

CHRISTIAN LEADERS NFP
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Changes in net assets without donor restrictions:

Revenues and gains:	
Donations	\$1,962,580
Paycheck Protection Program proceeds	178,395
In-kind advertising	120,000
Other	<u>5,580</u>
Total revenues and gains without donor restrictions	2,266,555
Expenses and losses:	
Program services	1,773,523
Management and general	125,434
Fundraising	<u>55,238</u>
Total expenses and losses	<u>1,954,195</u>
Increase in net assets without donor restrictions	312,360
Net assets at beginning of year	<u>374,654</u>
Net assets at end of year	<u><u>\$687,014</u></u>

See notes to financial statements

CHRISTIAN LEADERS NFP
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Services	Mgmt & General	Fund Raising	Total
Salaries and wages	\$946,921	\$88,293	\$37,290	\$1,072,504
Payroll taxes	51,851	4,835	2,042	58,728
Employee benefits	17,880	1,667	704	20,251
Consulting	167,737	0	0	167,737
Online advertising	120,000	0	0	120,000
Promotion and publications	102,942	0	11,438	114,380
Materials and supplies	108,218	0	0	108,218
Utilities and maintenance	70,815	0	0	70,815
Office expenses	43,553	8,166	2,722	54,441
Travel and meals	27,171	0	0	27,171
Bank and credit card charges	22,762	0	0	22,762
Depreciation	21,844	0	0	21,844
Telephone and communications	16,676	3,127	1,042	20,845
Marketing and development	20,078	0	0	20,078
Licenses and fees	19,654	0	0	19,654
Professional fees	0	16,946	0	16,946
Insurance	7,874	0	0	7,874
Interest	5,176	0	0	5,176
Rent	0	2,400	0	2,400
Conferences and meetings	2,371	0	0	2,371
Total Functional Expenses	<u>\$1,773,523</u>	<u>\$125,434</u>	<u>\$55,238</u>	<u>\$1,954,195</u>

See notes to financial statements

CHRISTIAN LEADERS NFP
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

Cash flows from operating activities:	
Increase in net assets	\$312,360
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	21,844
Increase in prepaid rent	(12,000)
Decrease in accounts payable	<u>(599)</u>
Net cash provided by operating activities	321,605
Cash flows from investing activities:	
Purchases of property and equipment	(6,517)
Cash flows from financing activities:	
Principal repayments on note payable	<u>(5,113)</u>
Net increase in cash	309,975
Cash at beginning of year	<u>174,641</u>
Cash at end of year	<u><u>\$484,616</u></u>

Supplemental information:	
Cash paid during the year for interest	\$5,176

See notes to financial statements

CHRISTIAN LEADERS NFP
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 May 19, 2022, 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, 2021

NOTE 3 – PAYCHECK PROTECTION PROGRAM

The Organization received a Paycheck Protection Program (PPP) round 2 loan of \$178,395 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, 2021, 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 \$484,616 as of December 31, 2021, all of which are available for general use within one year.

NOTE 5 – NOTE PAYABLE

The Organization has a mortgage loan dated May 7, 2021 that bears interest at 4.35% and is secured by a mortgage on the property of the organization. Monthly principal and interest payments are calculated using a 20-year amortization with a balloon payment for the unpaid balance on May 7, 2026. Scheduled principal payments are as follows for the years ended:

December 31, 2022	\$	6,529
December 31, 2023		6,818
December 31, 2024		7,121
December 31, 2025		7,437
December 31, 2025		<u>98,082</u>
	\$	125,987

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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