

NEW LIFE MINISTRIES
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Life Ministries
Lake Forest, California

Opinion

We have audited the financial statements of New Life Ministries (the "Ministry") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets (deficit), functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry 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 (GAAP).

Basis for Opinion

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

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 the Ministry'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 the Ministry'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.

The financial statements include certain prior year summarized comparative information in total, not by net asset classification. This information is not presented in sufficient detail to conform with GAAP. Accordingly, such information should be read in conjunction with the Ministry's financial statements for the year ended December 31, 2021, from which the summarized information is derived.

Saville CPAs and Advisors, LLC

Saville CPAs and Advisors, LLC

Dallas, Texas

August 24, 2023

NEW LIFE MINISTRIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022
(with summarized financial information as of December 31, 2021)

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 825,332	\$ 1,424,122
Receivables	278,713	20,275
Prepaid expenses	46,814	47,154
Inventory, net	102,996	110,787
Short-term deposits	84,524	36,800
Total current assets	1,338,379	1,639,138
PROPERTY AND EQUIPMENT, NET	88,885	113,607
OTHER ASSETS		
Operating lease right-of-use assets, net	724,823	-
Long-term investments	166,813	185,889
Deposits	18,848	33,161
Total other assets	910,484	219,050
TOTAL ASSETS	\$ 2,337,748	\$ 1,971,795
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of capital lease obligation	\$ -	\$ 13,262
Current portion of operating lease liabilities	208,783	-
Current portion of finance lease liabilities	9,733	-
Unearned program fees	456,639	88,202
Accounts payable	555,520	203,200
Accrued expenses	609,860	581,283
Total current liabilities	1,840,535	885,947
NONCURRENT LIABILITIES		
Capital lease obligation, net of current portion	-	11,676
Operating lease liabilities, net of current portion	516,040	-
Finance lease liabilities, net of current portion	1,944	-
Total noncurrent liabilities	517,984	11,676
TOTAL LIABILITIES	2,358,519	897,623
NET ASSETS		
Without donor restrictions	(266,928)	773,222
With donor restrictions	246,157	300,950
Total net assets (deficit)	(20,771)	1,074,172
TOTAL LIABILITIES AND NET ASSETS	\$ 2,337,748	\$ 1,971,795

See accompanying independent auditors' report and notes.

NEW LIFE MINISTRIES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2022
(with summarized financial information for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021
REVENUE AND PUBLIC SUPPORT				
Contributions	\$ 5,322,336	\$ 675,071	\$ 5,997,407	\$ 6,534,406
Program fees	2,216,255	-	2,216,255	1,782,474
Product sales	172,529	-	172,529	156,320
Commissions and contracts	4,155	-	4,155	3,643
Investment income (loss)	(14,046)	(3,669)	(17,715)	4,545
Net assets released from restrictions	726,195	(726,195)	-	-
Total revenue and public support	<u>8,427,424</u>	<u>(54,793)</u>	<u>8,372,631</u>	<u>8,481,388</u>
EXPENSES				
Program services	7,237,967	-	7,237,967	5,793,592
Management and general	997,542	-	997,542	920,081
Fundraising	1,232,065	-	1,232,065	1,072,494
Total expenses	<u>9,467,574</u>	<u>-</u>	<u>9,467,574</u>	<u>7,786,167</u>
CHANGES IN NET ASSETS	(1,040,150)	(54,793)	(1,094,943)	695,221
NET ASSETS (DEFICIT), beginning of year	<u>773,222</u>	<u>300,950</u>	<u>1,074,172</u>	<u>378,951</u>
NET ASSETS (DEFICIT), end of year	<u>\$ (266,928)</u>	<u>\$ 246,157</u>	<u>\$ (20,771)</u>	<u>\$ 1,074,172</u>

See accompanying independent auditors' report and notes.

NEW LIFE MINISTRIES
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(with summarized financial information for the year ended December 31, 2021)

	Program Services		Supporting Services			2022 Total	2021
	Media Ministries and Resource Center	Workshops and Other Operating Programs	Management and General	Fundraising			
Salaries and benefits							
Salaries	\$ 1,067,189	\$ 637,021	\$ 363,139	\$ 523,798	\$ 2,591,147	\$ 2,239,303	
Other employee benefits	191,628	122,380	118,584	108,073	540,665	482,996	
Radio/TV broadcast	2,295,870	2,500	-	1,520	2,299,890	2,239,837	
Advertising and promotion	27,396	320,053	345	56,128	403,922	47,415	
Bank fees	-	-	127,124	-	127,124	115,140	
Business insurance	13,431	-	65,520	-	78,951	79,449	
Business travel and meals	9,439	149,039	13,837	38,968	211,283	129,324	
Contract services	192,209	27,768	550	1,894	222,421	157,529	
Depreciation and amortization	24,374	14,549	8,294	11,963	59,180	45,295	
Equipment rental	912	12,291	-	10,433	23,636	10,384	
Information technology	239,299	106,699	49,514	44,428	439,940	386,359	
Interest	-	-	1,247	-	1,247	3,095	
Equipment repairs and maintenance	3,200	505	-	-	3,705	3,489	
Occupancy costs							
Maintenance and repairs	-	525	11,762	-	12,287	10,143	
Rent	79,158	41,391	75,862	13,917	210,328	207,368	
Telephone and utilities	15,622	5,154	5,584	287	26,647	20,404	
Office expenses	4,151	10,439	9,428	2,375	26,393	27,145	
Other expenses	28,755	9,258	68,854	40,892	147,759	149,751	
Postage and shipping	33,190	83,785	2,468	67,580	187,023	181,370	
Printing and publications	1,110	22,221	351	89,946	113,628	103,745	
Product costs and premiums	39,625	106,997	-	44,594	191,216	182,237	
Professional fees for services	-	735,648	75,079	11,500	822,227	652,192	
Program supplies, facility, and catering	-	410,797	-	163,769	574,566	312,197	
Loss on contractual obligation	-	152,389	-	-	152,389	-	
TOTAL	\$ 4,266,558	\$ 2,971,409	\$ 997,542	\$ 1,232,065	\$ 9,467,574	\$ 7,786,167	

See accompanying independent auditors' report and notes.

NEW LIFE MINISTRIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with summarized financial information for the year ended December 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,094,943)	\$ 695,221
Adjustments to reconcile change in net assets (deficit) to net cash provided (used) by operating activities:		
Depreciation and amortization	46,550	45,296
Amortization of operating lease right-of-use assets	200,769	-
Amortization of finance lease right-of-use assets	12,630	-
Loss on disposal of assets	-	1,974
Realized and unrealized losses on marketable securities	24,350	3,150
Reinvestment of interest and dividends	(5,465)	(5,380)
Changes in operating account balances:		
Receivables	(258,438)	41,439
Prepaid expenses	340	(14,802)
Inventory	7,791	(11,940)
Deposits	(33,411)	5,883
Unearned program fees	368,437	(17,132)
Accounts payable	352,320	(176,031)
Accrued expenses	28,577	102,299
Operating lease liability	(200,769)	-
Net cash provided by (used in) operating activities	(551,262)	669,977
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(34,458)	(74,087)
Purchase of long-term investments	(60,032)	(146,548)
Proceeds from long-term investments	60,223	161,777
Net cash used in investing activities	(34,267)	(58,858)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	-	(11,983)
Payments on finance lease liabilities	(13,261)	-
Net cash used in financing activities	(13,261)	(11,983)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(598,790)	599,136
CASH AND CASH EQUIVALENTS, beginning of year	1,424,122	824,986
CASH AND CASH EQUIVALENTS, end of year	\$ 825,332	\$ 1,424,122
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 1,697	\$ 3,095
Operating lease right-of-use asset and lease liability due to adoption of ASC 842	\$ 925,592	\$ -
Noncash investing or financing transactions		
Acquisition of property and equipment through capital lease obligations	\$ -	\$ 3,360

See accompanying independent auditors' report and notes.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1) NATURE OF ORGANIZATION

New Life Ministries (the “Ministry”) was founded March 26, 1993 and is chartered in the state of California. The Ministry was organized to provide low cost resources and counseling based in Christianity to interested persons.

New Life Ministries produces ‘*New Life LIVE!*’ a nationally syndicated, interactive talk radio program. The program deals with mental health, emotional, relational, and spiritual issues from a biblical perspective. The program is aired on 252 stations nationally in addition to SiriusXM, the Ministry’s phone app and website. Resources are offered through NLM’s call center, website, app and other social media platforms where interested parties can access book, audio, or video resources. For those whose needs exceed the scope of these resources, additional help is offered through the Ministry’s other programs which include in-person and video conference workshops, a network of Christian counselors, and coaching groups.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP). As required by GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions include those economic resources of the Ministry that are expendable for any purpose in performing the primary objectives of the Ministry.

Net assets with donor restrictions include those assets whose use by the Ministry is limited by donor-imposed stipulations that expire through either the passage of time or actions of the Ministry.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from such estimates.

See accompanying independent auditors’ report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Ministry considers cash and highly liquid investments with an original maturity date of less than three months to be cash equivalents.

At December 31, 2022, the Ministry's cash accounts exceeded federally insured limits by approximately \$408,900.

Concentration of Credit Risk

The Ministry has a concentration of credit risk for cash deposits maintained at certain financial institutions which, at times, are in excess of insured limits set by the Federal Deposit Insurance Corporation or the National Credit Union Administration. The Ministry has not experienced any losses in such accounts and believes that they are not exposed to any significant credit risk related to cash.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value. Donated investments are recorded at fair value on the date of the gift. Unrealized and realized gains and losses are reported as increases or decreases in net assets within the statement of activities and changes in net assets (deficit). Interest and dividend income is also reported in the statement of activities and changes in net assets (deficit).

Receivables

The majority of accounts receivable consisted of golf event registrations. The remainder of accounts receivable consisted of amounts due from a landlord reimbursement of HVAC upgrades as part of a tenant improvement allowance, proceeds in transit related to a stock sale, and expenses to be reimbursed related to speaking engagements. Accounts that are outstanding longer than the payment terms are considered past due. Provisions for uncollectible accounts are recorded at the time the realization of a specific receivable becomes doubtful. No provision was deemed necessary for the years ended December 31, 2022 and 2021.

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Prepaid expenses primarily consisted of amounts paid in advance for insurance, rent, materials for future events, booth fees for upcoming conferences, and postage.

Inventory

Inventory which consisted primarily of books, tapes, and disks, is stated at the lower of average cost or net realizable value. The Ministry annually evaluates their inventory for obsolescence. Provision for obsolete inventory is recorded at the time the inventory becomes obsolete. The provision for obsolete inventory amounted to \$15,945 for the years ended December 31, 2022 and 2021.

Property and Equipment

Acquisitions of property and equipment, including assets held under capital leases, are capitalized based on analysis of the cost and expected useful life of the asset. Maintenance, repairs, and renewals which do not materially prolong the useful lives of the assets are charged to expense as incurred. Property and equipment are carried at cost or, if donated, at fair value on the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which generally ranges from three to five years for furniture and equipment, two years for software, and the shorter of useful life or lease term for leasehold improvements.

Donated Property

The Ministry reports gifts of equipment and furniture as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Ministry reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits

The Ministry had short-term deposits related to events scheduled to take place in the subsequent year. The Ministry also had long-term deposits with buildings in which they currently have operating leases for office space.

Leases

Effective January 1, 2022, the Ministry adopted Accounting Standards Update 2016-02, *Leases* (Topic 842), using the modified retrospective approach and utilizing the effective date as its date of initial application. As a result, prior periods are presented in accordance with the previous guidance in Accounting Standards Codification 840, *Leases*. The Ministry has elected to apply the ‘package of practical expedients’ which allows the Ministry to not reassess i) whether existing or expired arrangements contain a lease, ii) the lease classification of existing or expired leases, or iii) whether previous initial direct costs would qualify for capitalization under the new lease standard.

At the inception of an arrangement, the Ministry determines whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the balance sheet as a right-of-use assets and as short-term and long-term lease liabilities, as applicable.

Operating and finance lease liabilities and their corresponding right-of-use assets are initially recorded based on the present value of lease payments over the expected remaining lease term. As a result, the Ministry utilizes the private Ministry practical expedient to utilize the risk free discount rate for present value calculations on all leases.

The Ministry has elected not to recognize leases with an original term of one year or less on the balance sheet. The Ministry typically only includes an initial lease term in its assessment of a lease arrangement. Options to renew a lease are not included in the Ministry’s assessment unless there is reasonable certainty that the Ministry will renew.

Support

The Ministry records contributions at the date received at fair value. The Ministry reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor stipulation expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets (deficit) as net assets released from restrictions.

See accompanying independent auditors’ report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognized at a Point in Time

Program fees include revenue from workshops and events, outpatient registration, and group coaching services. These events occur over a short duration of time, from beginning to end. Revenue from program fees is recognized at the time the event occurs.

Product sales include the sale of books, workbooks, audio tapes, video tapes, compact discs, kits, and a limited amount of apparel and coffee mugs. Revenue from product sales is recognized at the time the product is shipped.

Unearned Program Fees

The Ministry records payments made in advance by attendees to its workshops and seminars as unearned program fees. These amounts are recognized as revenue when the event takes place.

Federal Income Taxes

The Ministry is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in these financial statements.

Retirement Plan

Employees of the Ministry participate in a defined contribution plan which is qualified under Section 401(k) of the Internal Revenue Code. The Ministry's contribution to the plan is discretionary. Total matching contributions for the years ended December 31, 2022 and 2021 amounted to \$23,222 and \$22,851, respectively.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Assets and Liabilities

The Ministry measures and discloses certain financial assets and liabilities at fair value. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy. Because of the long-term nature of certain assets and liabilities measured at fair value as well as differences in the availability of market prices and market liquidity over their terms, inputs for some assets and liabilities may fall into any one of the three levels in the fair value hierarchy. GAAP requires these assets and liabilities to be classified in the lowest level in the hierarchy for which inputs are significant to the fair value measurement; a portion of that measurement may be determined using inputs from a higher level in the hierarchy.

The availability of valuation techniques and observable inputs can vary from investment to investment and is affected by a wide array of factors. In certain cases, the inputs used to measure fair value may fall into different levels of the hierarchy. For disclosure purposes, the level in the hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement. The estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Assets and Liabilities (Continued)

To the extent that a specific valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. As such, the degree of judgment exercised by the Ministry in determining fair value is greatest for investments in Level 3.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

- *Cash and money market funds.* Cash equivalent holdings are valued at cost, which approximates fair value.
- *Mutual funds of registered investment companies.* Valued at the daily closing price as reported by the fund. Mutual funds held by the Ministry are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value to transact at that price. The mutual funds held by the Ministry are deemed to be actively traded.
- *Exchange-traded funds.* Funds that invest in a variety of assets traded on an active market. These funds are valued at the daily closing price reported on the public stock exchange.

Allocation of Functional Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort; information technology costs, which are allocated based on headcount as well as depreciation and amortization and occupancy, which are allocated on a square footage basis. Other expenses, such as marketing fees and materials, are allocated based on the estimated usage.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3) INVESTMENTS

Investments of the Ministry are stated at fair value. The following describes the components of the Ministry's investments at December 31:

	2022	2021
Cash and money market funds	\$ 12,728	\$ 7,095
Mutual funds	141,476	149,805
Exchange traded funds	12,609	28,989
	\$ 166,813	\$ 185,889

4) FAIR VALUE MEASUREMENTS

The following is a summary of the categorization within the fair value hierarchy of the Ministry's financial assets and liabilities measured at fair value:

Fair Value Measurements at December 31, 2022 Using:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and money market funds	\$ 12,728	\$ -	\$ -	\$ 12,728
Mutual funds	141,476	-	-	141,476
Exchange traded funds	12,609	-	-	12,609
Investments at fair value	\$ 166,813	\$ -	\$ -	\$ 166,813

Fair Value Measurements at December 31, 2021 Using:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and money market funds	\$ 7,095	\$ -	\$ -	\$ 7,095
Mutual funds	149,805	-	-	149,805
Exchange traded funds	28,989	-	-	28,989
Investments at fair value	\$ 185,889	\$ -	\$ -	\$ 185,889

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4) FAIR VALUE MEASUREMENTS (CONTINUED)

The Ministry has no financial instruments which were categorized using Level 3 inputs as of December 31, 2022 and 2021.

The Ministry recognizes transfer between levels in the fair value hierarchy as of the end of the reporting period. There were no transfers between levels for the years ended December 31, 2022 and 2021.

5) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Furniture, fixtures, and equipment	\$ 285,237	\$ 257,918
Software	318,957	295,169
Leasehold improvements	62,541	78,613
Property and equipment, at cost	<u>666,735</u>	<u>631,700</u>
Less: accumulated depreciation and amortization	<u>(577,850)</u>	<u>(518,093)</u>
Property and equipment, net	<u>\$ 88,885</u>	<u>\$ 113,607</u>

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 amounted to \$59,180 and \$45,295, respectively.

6) ENDOWMENTS

The Ministry's endowment assets consist of funds established for any of the Ministry's charitable purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has determined that it would be desirable for the Ministry to preserve, on a long-term basis, the original value of a contribution of a donor-restricted endowment fund as of the gift date, subject to any express language in the applicable endowment agreement indicating otherwise and pursuant to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA" or the "Act"). Notwithstanding the foregoing, this determination is not intended to, and shall not, affect the Ministry's authority under the Act to spend amounts from an endowment fund on a short-term basis, even if the market value of the endowment fund is below the original value of the contributions by the donors. As a result of this determination, the Ministry classifies as net assets with donor restrictions (a) the original value of gifts contributed to a donor-restricted endowment fund and (b) the original value of subsequent gifts to a donor-restricted endowment fund.

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6) ENDOWMENTS (CONTINUED)

Investment income (loss) and appreciation (depreciation) related to the donor-restricted endowment funds are classified as net assets with donor-restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by the Act. Most of those net assets are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. In accordance with UPMIFA, the Ministry considers the following factors in making a determination to appropriate or accumulate endowment funds:

1. The duration and preservation of the endowment assets
2. The purposes of the Ministry and the donor-restricted endowments
3. General economic conditions
4. The possible effects of inflation and deflation
5. Other resources of the Ministry
6. The investment policies of the Ministry

A summary of the Ministry's endowment assets by net asset class was as follows:

<u>Endowment Fund Type</u>	<u>December 31, 2022</u>		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
General endowment	\$ -	\$ 166,813	\$ 166,813
Total endowment assets	<u>\$ -</u>	<u>\$ 166,813</u>	<u>\$ 166,813</u>
 <u>December 31, 2021</u> 			
<u>Endowment Fund Type</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
General endowment	\$ -	\$ 185,889	\$ 185,889
Total endowment assets	<u>\$ -</u>	<u>\$ 185,889</u>	<u>\$ 185,889</u>

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6) ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the years ended December 31, 2022 and 2021 were as follows:

	<u>December 31, 2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2022	\$ -	\$ 185,889	\$ 185,889
Investment return:			
Net investment income (loss)	-	(17,373)	(17,373)
Total investment return	-	168,516	168,516
Expenditure of endowment assets	-	(1,703)	(1,703)
Endowment net assets, December 31, 2022	<u>\$ -</u>	<u>\$ 166,813</u>	<u>\$ 166,813</u>

	<u>December 31, 2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2021	\$ -	\$ 198,888	\$ 198,888
Investment return:			
Net investment income (loss)	-	4,057	4,057
Total investment return	-	202,945	202,945
Expenditure of endowment assets	-	(17,056)	(17,056)
Endowment net assets, December 31, 2021	<u>\$ -</u>	<u>\$ 185,889</u>	<u>\$ 185,889</u>

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6) ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Ministry has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner that, over a long-term investment horizon, is intended to produce results that at a minimum equal inflation, administrative costs, and management fees, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy long-term return objectives, the Ministry relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Ministry targets a diversified asset allocation that places emphasis on investments in growth, income, and inflation protection assets to achieve its long-term return objectives within prudent risk constraints.

Erosion of Corpus, Spending Policy, and How the Investment Objectives Relate to Spending Policy

The bequest allowed for a 7% annual distribution to support the Ministry and its programs. The Ministry has a policy of appropriating its annual distributions for charitable purposes, and general Ministry operating costs. In monitoring this policy, the Ministry considers the long-term expected return on its endowments. Although the Ministry has adopted investment and spending policies, the investment returns may not be equal to the amount of the 7% annual distribution. In accordance with the donor-restricted endowment, the amounts of annual distributions could erode the original corpus of the endowment.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7) NET ASSETS

At December 31, 2022 and 2021, net assets consisted of restricted contributions to be used for the following purposes:

	2022	2021
Net assets (deficit) without donor restrictions:	\$ (266,928)	\$ 773,222
Total net assets (deficit) without donor restrictions	(266,928)	773,222
Net assets with donor restrictions:		
Collected funds:		
Scholarship funds	38,787	72,259
Prison resources	-	1,088
Pre-Event Funding	1,000	15,000
Funding for 2021 hire	-	26,714
Lumina funding	39,557	-
Endowment funds:		
General endowment*	166,813	185,889
Total net assets with donor restrictions	246,157	300,950
Total net assets (deficit)	\$ (20,771)	\$ 1,074,172

*expendable annually at 7% to support the Ministry and its programs.

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Ministry's financial assets as of the statements of financial position sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position sheet date.

	<u>2022</u>
Financial assets, at year-end	\$ 1,270,858
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with time or purpose restrictions	(246,157)
Cash payments required for lease obligations	<u>(218,516)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 806,185</u>

The financial assets at year-end include cash and cash equivalents, investments, and receivables. The Ministry is substantially supported by highly liquid cash contributions that are without restriction. As such, the Ministry has historically been able to cover any general expenditures with the financial assets on hand.

9) LEASES

The Ministry leases its facilities under non-cancelable operating leases. At December 31, 2022, maturity dates for leasing arrangements ranged from February 2026 to September 2026. During the years ended December 31, 2022 and 2021, monthly payment amounts ranged from \$2,350 to \$8,194, respectively. Rent expense for the years ended December 31, 2022 and 2021 amounted to \$210,328 and \$209,682, respectively.

The Ministry leases office equipment under finance lease agreements with maturity dates through July 2025. Monthly payment amounts range from \$43 to \$454.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9) LEASES (CONTINUED)

The following table presents the right-of-use asset and short-term and long-term liability amounts recorded on the statement of financial position as of December 31, 2022:

	Operating	Finance
<u>Assets</u>		
Right-of-use asset – gross	\$ 925,592	\$ 23,056
Right-of-use asset – accumulated amortization	(200,769)	(12,630)
Right-of-use asset – net	\$ 724,823	\$ 10,426
<u>Liabilities</u>		
Current portion of lease liability	\$ 208,783	\$ 9,733
Long-term lease liability, net of current portion	516,040	1,944
Total lease liability	\$ 724,823	\$ 11,677

The maturity of the Ministry’s lease liabilities as of December 31, 2022 was as follows:

Years Ending December 31,	Minimum Lease Commitments - Operating	Minimum Lease Commitments - Finance
2023	\$ 215,904	\$ 6,994
2024	222,887	3,522
2025	226,350	1,316
2026	73,656	-
Less: imputed interest	(13,974)	(155)
Present value of lease liabilities	\$ 724,823	\$ 11,677

The remaining weighted average lease term for operating and finance leases were 3.33 years and 1.71 years, respectively. The weighted average discount rate used to present value operating and finance leases and related right-of-use assets was 1.16% and .89%, respectively.

Total lease expense for operating leases for the Ministry totaled \$200,769 for the year ended December 31, 2022, and was included in the total rent expense in general and administrative expenses. Total lease expense for finance leases for the Ministry amounted to \$12,630 for amortization of right-of-use assets and \$1,247 for interest expense on lease liabilities for the year ended December 31, 2022.

See accompanying independent auditors’ report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10) SIGNIFICANT RISKS, UNCERTAINTIES, CONTINGENCIES, AND CONCENTRATIONS

The Ministry is highly dependent on contributions and donations. Therefore, the Ministry's programs and activities are affected by the level of donations and related factors, including general economic conditions. Based on these factors, the Ministry may experience substantial period-to-period fluctuations.

The Ministry can be subject to various claims and matters that arise in the ordinary course of its activities. No existing matters are expected to have any material or adverse effect on the Ministry's financial condition as of December 31, 2022.

11) SUBSEQUENT EVENTS

We evaluated events that occurred after the balance sheet date through August 24, 2023, which is the date these financial statements were issued, and no subsequent events meeting disclosure criteria were identified.