

NEW LIFE MINISTRIES
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of New Life Ministries (the "Ministry") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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.

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 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 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 the Ministry as of December 31, 2020, and the changes in its net assets (deficit) 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 the Ministry's 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated July 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Saville, Dodgen & Company, P.L.L.C.
Dallas, Texas

July 12, 2021

NEW LIFE MINISTRIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020,
(with summarized financial information as of December 31, 2019)

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 824,986	\$ 320,716
Receivables	61,714	11,460
Prepaid expenses	32,352	35,159
Inventory	98,847	109,816
Total current assets	1,017,899	477,151
PROPERTY AND EQUIPMENT, net	83,430	73,186
OTHER ASSETS		
Long-term investments	198,888	209,824
Deposits	75,844	51,295
Total other assets	274,732	261,119
TOTAL ASSETS	\$ 1,376,061	\$ 811,456
<u>LIABILITIES AND NET ASSETS (DEFICIT)</u>		
CURRENT LIABILITIES		
Capital lease obligation, current portion	\$ 11,353	\$ 20,523
Unearned program fees	105,333	116,908
Accounts payable	379,231	1,384,780
Accrued expenses	478,984	485,725
Total current liabilities	974,901	2,007,936
NONCURRENT LIABILITIES		
Capital lease obligation, net of current portion	22,209	23,278
TOTAL LIABILITIES	997,110	2,031,214
NET ASSETS (DEFICIT)		
Without donor restrictions	38,717	(1,476,311)
With donor restrictions	340,234	256,553
Total net assets (deficit)	378,951	(1,219,758)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 1,376,061	\$ 811,456

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, 2020,
(with summarized financial information for the year ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019
REVENUE AND PUBLIC SUPPORT				
Contributions	\$ 5,755,627	\$ 746,566	\$ 6,502,193	\$ 5,473,078
Program fees	1,687,455	-	1,687,455	2,286,713
Product sales	145,084	-	145,084	175,632
Commissions and contracts	17,678	-	17,678	13,380
Investment income	1,188	5,553	6,741	17,878
Net assets released from restrictions	668,438	(668,438)	-	-
Total revenue and public support	<u>8,275,470</u>	<u>83,681</u>	<u>8,359,151</u>	<u>7,966,681</u>
EXPENSES				
Program services	4,948,967	-	4,948,967	5,912,086
Management and general	919,745	-	919,745	992,131
Fundraising	891,730	-	891,730	1,036,135
Total expenses	<u>6,760,442</u>	<u>-</u>	<u>6,760,442</u>	<u>7,940,352</u>
CHANGES IN NET ASSETS	1,515,028	83,681	1,598,709	26,329
NET ASSETS (DEFICIT), beginning of year	<u>(1,476,311)</u>	<u>256,553</u>	<u>(1,219,758)</u>	<u>(1,246,087)</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 38,717</u>	<u>\$ 340,234</u>	<u>\$ 378,951</u>	<u>\$ (1,219,758)</u>

See accompanying independent auditors' report and notes.

NEW LIFE MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020,
(with summarized financial information for the year ended December 31, 2019)

	Program Services		Supporting Services			2020 Total	2019
	Media Ministries and Resource Center	Workshops and Other Operating Programs	Management and General	Fundraising			
Salaries and benefits							
Salaries	\$ 873,882	\$ 430,989	\$ 317,717	\$ 377,271	\$ 1,999,859	\$ 2,001,561	
Other employee benefits	160,366	78,465	53,828	98,291	390,950	387,764	
Radio/TV broadcast	1,727,364	-	-	2,640	1,730,004	2,286,332	
Advertising and promotion	25,223	32,875	-	4,397	62,495	112,384	
Bank fees	-	-	172,557	-	172,557	177,350	
Business insurance	13,516	-	67,043	-	80,559	67,331	
Business travel and meals	13,415	25,988	2,249	12,840	54,492	141,215	
Contract services	90,938	20,836	2,645	9,106	123,525	114,540	
Depreciation and amortization	-	-	34,982	-	34,982	45,559	
Equipment rental	8,387	618	99	10,766	19,870	18,891	
Information technology	181,376	62,348	56,680	51,012	351,416	356,557	
Interest	-	-	5,518	-	5,518	8,517	
Equipment repairs and maintenance	24	-	220	-	244	2,184	
Occupancy costs							
Maintenance and repairs	-	966	18,212	-	19,178	10,810	
Rent	106,069	33,593	80,609	19,074	239,345	240,348	
Telephone and utilities	13,478	45,194	2,431	60	61,163	66,542	
Office expenses	7,563	5,367	9,152	930	23,012	27,841	
Other expenses	23,833	16,534	24,793	15,579	80,739	96,334	
Postage and shipping	34,461	43,664	2,541	54,666	135,332	170,981	
Printing and publications	8,077	14,436	852	84,446	107,811	114,686	
Product costs and premiums	80,032	41,953	-	50,958	172,943	195,549	
Professional fees for services	34,601	547,270	67,617	22,000	671,488	664,047	
Program supplies, facility, and catering	524	144,742	-	77,694	222,960	633,029	
TOTAL	\$ 3,403,129	\$ 1,545,838	\$ 919,745	\$ 891,730	\$ 6,760,442	\$ 7,940,352	

See accompanying independent auditors' report and notes.

NEW LIFE MINISTRIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020,
(with summarized financial information for the year ended December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (deficit)	\$ 1,598,709	\$ 26,329
Adjustments to reconcile change in net assets (deficit) to net cash provided (used) by operating activities:		
Donated property	-	(500)
Depreciation and amortization	34,982	45,559
Loss on disposal of assets	(1,923)	(1,900)
Donations of marketable securities	(58,654)	-
Realized and unrealized (gains) losses on marketable securities	(1,133)	-
Reinvestment of interest and dividends	(4,418)	
Changes in operating account balances:		
Accounts receivable	(50,254)	17,940
Prepaid expenses	2,807	(191)
Inventory	10,969	29,923
Deposits	(24,549)	24,273
Unearned program fees	(11,575)	(33,690)
Accounts payable	(1,005,549)	(106,422)
Accrued expenses	(6,741)	14,332
Net cash provided by operating activities	482,671	15,653
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of marketable securities	58,654	-
Purchase of property and equipment	(40,264)	(24,279)
Proceeds from disposal of assets	-	31,592
Purchase of long term investments	(207,913)	(158,190)
Proceeds from long term investments	224,400	157,212
Net cash provided by investing activities	34,877	6,335
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(13,278)	(18,647)
Net cash used by financing activities	(13,278)	(18,647)
INCREASE IN CASH AND CASH EQUIVALENTS	504,270	3,341
CASH AND CASH EQUIVALENTS, beginning of year	320,716	317,375
CASH AND CASH EQUIVALENTS, end of year	\$ 824,986	\$ 320,716
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 5,518	\$ 8,520
Noncash investing or financing transactions		
Acquisition of property and equipment through capital lease obligations	\$ 17,000	\$ 30,159

See accompanying independent auditors' report and notes.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

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, 2019, from which the summarized information is derived.

See accompanying independent auditors’ report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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. Interest and dividend income is also reported in the statement of activities.

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.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Accounts receivable consist of amounts receivable from donors for ministry events, and receivables due from employees to reimburse the Ministry for expenses incurred, which are recorded at net realizable value. Accounts that are outstanding longer than the payment terms are considered past due. Any amounts that prove to be uncollectible are charged against product sales. Provisions for uncollectible accounts are provided at the time the realization of a specific receivable becomes doubtful. As a result, the accounts receivable balance decreases substantially. No provision was deemed necessary for the years ended December 31, 2020 and 2019.

Prepaid Expenses

Prepaid expenses primarily consist of amounts paid in advance for insurance, rent, maintenance contracts, and events and conferences that have not taken place as of December 31, 2020 and 2019.

Inventory

Inventory, consisting primarily of books, tapes, and disks, is stated at average cost. The Ministry annually evaluates their inventory for obsolescence. Provision for obsolete inventory is provided at the time the inventory becomes obsolete. The provision for obsolete inventory amounted to \$15,945 for the years ended December 31, 2020 and 2019.

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 three to five years for leasehold improvements.

Donated Property

The Ministry reports gifts of land, buildings, and equipment 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 has short-term deposits related to events scheduled to take place in the subsequent year. The Ministry also has long-term deposits with buildings in which they currently have operating leases for office space.

Capital Leases

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Amortization expense is computed using the straight-line method over the useful lives of the assets and is included in depreciation and amortization expense.

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 as net assets released from restrictions.

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.

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019 amounted to \$21,060 and \$19,648, respectively.

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.

See accompanying independent auditors' report.

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, 2020 and 2019.

- *Cash and money market funds.* Cash equivalent holdings 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 statement of activities and changes in net assets. 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:

	2020	2019
Cash and money market funds	\$ 9,760	\$ 11,231
Mutual funds	102,703	135,479
Exchange traded funds	86,425	63,114
	\$ 198,888	\$ 209,824

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, 2020 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	\$ 9,760	\$ -	\$ -	\$ -	\$ 9,760
Mutual funds	102,703	-	-	-	102,703
Exchange traded funds	86,425	-	-	-	86,425
Investments at fair value	\$ 198,888	\$ -	\$ -	\$ -	\$ 198,888

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Fair Value Measurements at December 31, 2019 Using:			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash and money market funds	\$ 11,231	\$ -	\$ -	\$ 11,231
Mutual funds	135,479	-	-	135,479
Exchange traded funds	63,114	-	-	63,114
Investments at fair value	<u>\$ 209,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,824</u>

The Ministry has no financial instruments which were categorized using Level 3 inputs as of December 31, 2020 and 2019.

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, 2020 and 2019.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2020	2019
Furniture, fixtures, and equipment	\$ 312,238	\$ 331,076
Software	295,169	274,966
Leasehold improvements	78,613	78,613
Property and equipment, at cost	686,020	684,655
Less: accumulated depreciation and amortization	(602,590)	(611,469)
Property and equipment, net	<u>\$ 83,430</u>	<u>\$ 73,186</u>

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 amounted to \$34,982 and \$45,559, respectively.

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 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.

Investment income and appreciation 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

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. ENDOWMENTS (CONTINUED)

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

Endowment Fund Type	December 31, 2020		Total
	Without Donor Restrictions	With Donor Restrictions	
General endowment	\$ -	\$ 198,888	\$ 198,888
Total endowment assets	\$ -	\$ 198,888	\$ 198,888
	December 31, 2019		
Endowment Fund Type	Without Donor Restrictions	With Donor Restrictions	Total
General endowment	\$ -	\$ 209,824	\$ 209,824
Total endowment assets	\$ -	\$ 209,824	\$ 209,824

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, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, January 1, 2020	\$ -	\$ 209,824	\$ 209,824
Investment return:			
Investment income (loss)	-	5,553	5,553
Total investment return	-	215,377	215,377
Contributions	-	-	-
Expenditure of endowment assets	-	(16,489)	(16,489)
Endowment net assets, December 31, 2020	<u>\$ -</u>	<u>\$ 198,888</u>	<u>\$ 198,888</u>
	<u>December 31, 2019</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, January 1, 2019	\$ -	\$ 208,846	\$ 208,846
Investment return:			
Investment income (loss)	-	17,878	17,878
Total investment return	-	226,724	226,724
Contributions	-	-	-
Expenditure of endowment assets	-	(16,900)	(16,900)
Endowment net assets, December 31, 2019	<u>\$ -</u>	<u>\$ 209,824</u>	<u>\$ 209,824</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, 2020 and 2019, net assets consisted of restricted contributions to be used for the following purposes:

	2020	2019
Net assets without donor restrictions:	\$ 38,717	\$ (1,476,311)
Total net assets without donor restrictions	38,717	(1,476,311)
Net assets with donor restrictions:		
Collected funds:		
Scholarship funds	90,249	39,741
Radio airtime support WPMH	-	2,250
Prison resources	1,097	948
Computer and IT needs	-	3,790
Funding for 2021 hire	50,000	-
Endowment funds:		
General endowment*	198,888	209,824
Total net assets with donor restrictions	340,234	256,553
Total net assets	\$ 378,951	\$ (1,219,758)

*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.

	2020	2019
Financial assets, at year-end	\$ 1,085,588	\$ 542,000
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	(340,234)	(256,553)
Cash payments required for capital lease obligations	(11,353)	(20,523)
Financial assets available to meet cash needs for general expenditures within one year	\$ 734,001	\$ 264,924

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. LEASE COMMITMENTS

Operating Leases

The Ministry leases its facilities under non-cancelable operating leases. At December 31, 2020, maturity dates for leasing arrangements ranged from February 2021 to September 2023. During December 31, 2020 and 2019, monthly payment amounts ranged from \$2,350 to \$7,199, respectively. Lease expense for the years ended December 31, 2020 and 2019 amounted to \$244,595 and \$245,659, respectively.

The following is a schedule by years of future minimum rental payments as of December 31, 2020:

For the years ending December 31,	Amounts
2021	\$ 79,993
2022	28,200
2023	21,150
Total	\$ 129,343

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. LEASE COMMITMENTS (CONTINUED)

Capital Leases

The Ministry leases office equipment under capital lease agreements with maturity dates through March 2024. Monthly payment amounts range from \$43 to \$454. The capital leases and accumulated amortization are as follows at December 31:

	2020	2019
Capital lease equipment, at cost	\$ 48,273	\$ 70,508
Less: accumulated amortization	(16,251)	(32,683)
Capital lease equipment, net	\$ 32,022	\$ 37,825

The future minimum lease payments required under these capital leases as of December 31, 2020 are as follows:

	Years ending December 31,	Amounts
	2021	\$ 14,119
	2022	14,119
	2023	9,451
	2024	908
Total minimum lease payments		38,597
Less: Amount representing interest		(5,035)
Present value of net minimum lease payments		33,562
Less: Capital lease obligation, current portion		(11,353)
Capital lease obligation, net of current portion		\$ 22,209

10. SIGNIFICANT RISKS, UNCERTAINTIES, CONTINGENCIES, AND CONCENTRATIONS

COVID-19

The COVID-19 pandemic (more commonly referred to as the coronavirus pandemic), has adversely impacted, and is likely to further adversely impact the Ministry's business and the nonprofits in general. The full extent to which the pandemic will directly or indirectly impact the Ministry's business, results of contributions, donations, and financial condition will depend on future developments that are highly uncertain, and difficult to predict.

See accompanying independent auditors' report.

NEW LIFE MINISTRIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10. SIGNIFICANT RISKS, UNCERTAINTIES, CONTINGENCIES, AND CONCENTRATIONS
(CONTINUED)

In April 2020, the Ministry received approximately \$441,000 in proceeds from a potentially forgivable loan (the “PPP Loan”) as part of the Paycheck Protection Program (the “Program” or “PPP”) established by the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). Under the CARES Act and the terms of the Program, loan forgiveness is available when the funds are used for eligible expenses, including payroll costs, payments on mortgages, and rent and utility payments made during the loan’s qualifying period.

In November, 2020, substantially all of the PPP Loan was approved for forgiveness by the bank. As such, in accordance with Accounting Standards Codification 105, Generally Accepted Accounting Principles, and by analogy to IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, the Ministry elected to treat the funds received under the PPP Loan as an in-substance government grant and recognized the funds received as a contribution on the statement of income for the year ended December 31, 2020.

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, 2020.

11. SUBSEQUENT EVENTS

We evaluated events that occurred after the balance sheet date through July 12, 2021, which is the date these financial statements were issued, and no subsequent events meeting disclosure criteria were identified, except as noted below.

Subsequent to year end, the Ministry extended two of its operating lease agreements, related to office spaces, to end in 2026.