Lighthouse Ministries, Inc.

Financial Statements

Year Ended December 31, 2022

BodinePerry

Certified Public Accountants & Advisors

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6815 Dairy Road
Zephyrhills, FL 33542

813.788.2155
BodinePerry.com

Independent Auditors' Report

To the Board of Directors of
Lighthouse Ministries, Inc.
Lakeland, Florida

Opinion

We have audited the accompanying financial statements of Lighthouse Ministries, Inc., (a nonprofit agency), which comprise the statement of financial position as of December 31, 2022, 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 Lighthouse House Ministries, Inc. as of December 31, 2022, 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 of Opinion

We conducted our audit in accordance with the standards generally accepted in the United States of America. 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 Lighthouse Ministries, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Effect of Adopting New Accounting Standard

As discussed in Note A to the financial statements, as of January 1, 2022, the Ministry adopted ASU 2016-02, Leases (Topic 842) issued by the Financial Accounting Standards Board, which supersedes existing accounting standards for leases and requires companies to account for leases as either finance leases or operating leases and to recognize right-of-use lease assets and corresponding lease liabilities on the balance sheet for all leases other than leases with terms of 12 months or less. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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 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 Lighthouse Ministries, Inc.'s, ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Lighthouse Ministries, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lighthouse Ministries, Inc.'s, ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance, among other matters, the planned scope and timing of the audit, significant findings, and certain internal control related matters that we identified during the audit.

Bodine Perry

Bodine Perry PLLC
Zephyrhills, Florida
July 19, 2023

Lighthouse Ministries, Inc.

Statement of Financial Position
Year Ended December 31, 2022

Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets			
Cash and cash equivalents	$ 23,942	$ 943,187	$ 967,129
Investments (Note C)	388,067	-	388,067
Inventories	889,931	-	889,931
Prepaid expenses	66,252	-	66,252
Undeposited funds	-	42,610	42,610
Total Current Assets	1,368,192	985,797	2,353,989
Property and Equipment			
Buildings and improvements	7,734,770	-	7,734,770
Construction in progress	45,973	-	45,973
Furniture and equipment	396,687	-	396,687
Land	1,167,220	-	1,167,220
Vehicles	214,866	-	214,866
Total Property and Equipment	9,559,516	-	9,559,516
Less: accumulated depreciation	(3,802,259)	-	(3,802,259)
Net Property and Equipment	5,757,257	-	5,757,257
Other Assets			
Other assets, net	24,175	-	24,175
Right of Use Assets, Operating Leases, net	525,558		525,558
Total Other Assets	549,733	-	549,733
Total Assets	**$ 7,675,182**	**$ 985,797**	**$ 8,660,979**

Liabilities and Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Current Liabilities			
Accounts payable and accrued expenses	$ 114,169	$ -	$ 114,169
Deposits held	7,750	-	7,750
Current portion - notes payable	144,943	-	144,943
Current portion - Right of Use Operating Lease Liability	273,756		273,756
Total Current Liabilities	540,618	-	540,618
Long-Term Liabilities			
Long-term debt (Note E)	4,014,511	-	4,014,511
Less: unamortized debt issuance costs	(41,461)	-	(41,461)
Long-term debt, net of unamortized debt issuance costs	3,973,050	-	3,973,050
Less: current portion	(144,943)	-	(144,943)
Total Long-term debt, net current portion	3,828,107	-	3,828,107
Right of Use Operating Lease Liability - LT (net)	251,802		251,802
Total Liabilities	4,620,527	-	4,620,527
Net Assets			
Without donor restrictions	3,054,655	-	3,054,655
With donor restrictions	-	985,797	985,797
Total Net Assets	3,054,655	985,797	4,040,452
Total Liabilities and Net Assets	**$ 7,675,182**	**$ 985,797**	**$ 8,660,979**

Lighthouse Ministries, Inc.

Statement of Activities
Year Ended December 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue			
Public Support Revenue:			
Contributions and grants	$ 2,138,857	$ 1,164,903	$ 3,303,760
Contributions in-kind	646,209	-	646,209
Thrift store revenue	3,559,724	-	3,559,724
Preschool tuition and fees	90,910	-	90,910
Residential program housing fees	14,903	-	14,903
Rental income	28,200	-	28,200
Transient fees	99,350	-	99,350
Miscellaneous income	5,546	-	5,546
Interest Income	9,121	-	9,121
Realized and unrealized gains (losses) on investments	(56,555)	-	(56,555)
Gain (loss) on asset disposal	(365)	-	(365)
Total Support and Revenue	6,535,900	1,164,903	7,700,803
Expenses			
Program services	5,794,704	-	5,794,704
General and administrative	446,248	-	446,248
Fundraising	761,600	-	761,600
Total Expenses	7,002,552	-	7,002,552
Change in Net Assets	(466,652)	1,164,903	698,251
Net assets at beginning of year	3,276,945	65,256	3,342,201
Reclassification of beginning net assets	(10,320)	10,320	-
Net assets released from restrictions (Note F)	254,682	(254,682)	-
Net Assets at End of Year	**$ 3,054,655**	**985,797**	**$ 4,040,452**

Lighthouse Ministries, Inc.

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Supporting Services			
	Program	General and Administrative	Fundraising	Supporting Subtotal	Total Expenses
Personnel	$ 2,669,014	$ 220,007	$ 114,828	$ 334,835	$ 3,003,849
Other employee benefits	470,633	92,603	42,306	134,909	605,542
Payroll taxes	203,392	18,839	6,166	25,005	228,397
Total Salaries and related expenses	3,343,039	331,449	163,300	494,749	3,837,788
Advertising	4,795	150	11,616	11,766	16,561
Bank and credit card fees	62,818	4,673	18,103	22,776	85,594
Conferences and education	12,582	1,447	569	2,016	14,598
Donor relations	-	-	5,904	5,904	5,904
Licenses and fees	1,241	2,151	3,265	5,416	6,657
Membership dues and subscriptions	2,370	5,188	-	5,188	7,558
Fees for services: non-employee	24,609	27,066	16,503	43,569	68,178
Professional fundraising fees	-	-	425,880	425,880	425,880
Information technology	64,593	8,546	68,606	77,152	141,745
Insurance	106,872	10,318	-	10,318	117,190
Interest expense	173,203	6,966	-	6,966	180,169
Miscellaneous	3,518	9,103	235	9,338	12,856
Occupancy	344,208	3,425	-	3,425	347,633
Office expense	19,129	5,377	25,776	31,153	50,282
Special events	-	-	17,625	17,625	17,625
Retail expense	52,025	-	-	-	52,025
Program direct expenses	828,129	-	-	-	828,129
Program supplies	34,861	-	-	-	34,861
Telephone	25,515	5,009	2,216	7,225	32,740
Travel	114,419	11,952	2,002	13,954	128,373
Vehicle expenses	80,680	2,339	-	2,339	83,019
Utilities	273,184	11,089	-	11,089	284,273
Expenses before depreciation	5,571,790	446,248	761,600	1,207,848	6,779,638
Depreciation expense	222,914	-	-	-	222,914
Total Functional Expenses	**$ 5,794,704**	**$ 446,248**	**$ 761,600**	**$ 1,207,848**	**$ 7,002,552**

See Independent Auditors' Report and Notes to Financial Statements

Lighthouse Ministries, Inc.

Statement of Cash Flows
Year Ended December 31, 2022

Cash Flows from Operating Activities		
Change in net assets	$	698,251
Adjustments to reconcile change in net assets		
to net cash provided (used) by operating activities:		
Depreciation		222,914
Gain (loss) on disposal of assets		(365)
(Increase) decrease in operating assets:		
Contributions receivable		(42,610)
Inventories		(69,372)
Prepaid expenses		(19,429)
Other assets		239
Increase (decrease) in operating liabilities:		5,306
Accounts payable and accrued expenses		17,409
Net Cash Provided (Used) by Operating Activities		812,343
Cash Flows from Investing Activities		
Proceeds from investments		50,829
Purchase of property and equipment		(565,000)
Net Cash Provided (Used) by Investing Activities		(514,171)
Cash Flows from Financing Activities		
Payments on notes payable		(139,181)
Net Cash Provided (Used) by Financing Activities		(139,181)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash		158,991
Beginning Cash, Cash Equivalents, and Restricted Cash		808,138
Ending Cash, Cash Equivalents, and Restricted Cash	**$**	**967,129**
Supplementary Cash Flow Disclosures		
Cash paid for interest	$	180,169
Right of use assets obtained in exchange for lease obligations:		
Operating leases	$	525,558
Realized and unrealized gain/losses on investments	$	(56,555)

Lighthouse Ministries, Inc.

Notes to Financial Statements
For the Year Ended December 31, 2022

Note A – Summary of Significant Accounting Policies

Agency and Purpose
Lighthouse Ministries, Inc ("the Ministry") is a not-for-profit Florida corporation set apart by the Spirit of God to communicate the gospel of Jesus Christ and to meet the physical, emotional, and other needs of the poor and at-risk population. The objectives of the Ministry are accomplished through the operation of thrift stores, a rescue mission, a long-term residential program, food ministry outreach, an after-school program, and a preschool. The Ministry is in Lakeland, Florida. As of December 31, 2022, the Ministry operated four thrift stores in Florida: one each in Plant City, Lakeland, Winter Haven, and Brandon.

Basis of Accounting
The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accrual basis accounting allows for revenue to be recognized when earned and expenses to be recognized when goods or services are received, without regard to the receipt or payment of cash.

Financial Statement Presentation
The financial statements are presented in accordance with FASB ASC Topic 958, Not for Profit Entities, which requires the Ministry to report net assets based on the presence or absence of donor-imposed restrictions as follows:

> *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board may designate assets without donor restrictions for specific operational purposes from time to time.
>
> *Net Assets with Donor Restrictions* – Net assets subject to donor (or certain grantor-imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in time, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were temporarily restricted net assets with Donor Restrictions in the amount of $985,797 as of December 31, 2022.

Use of Estimates in the Preparation of Financial Statements
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures 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 those estimates.

Recently Adopted Accounting Standards

Leases
In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standard Codification (ASC) 842, Leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Ministry adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption.)

Note A - Summary of Significant Accounting Policies (continued)

The Ministry elected the available practical expedients to account for the existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Ministry recognized on January 1, 2022 a lease liability of $787,395, which represents the present value of the remaining operating lease payments of $809,689, using the risk-free rate of 1.04%, and a right-of-use asset of $525,558, which represents the operating lease liability of $525,558.

The standard had a material impact on the balance sheets but did not have an impact on the income statements, nor the statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, no finance leases existed at year end.

Accounting Policy for Leases

The Ministry leases certain retail stores, box trucks, and equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the balance sheets. Finance lease assets are recorded net of accumulated amortization of $0 and $0 as of December 31, 2022 and 2021.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, the Ministry uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Some leases may include one or more options to renew, with renewal terms that can extend the lease. The exercise of lease renewal options is at the Ministry’s sole discretion. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In evaluating contracts to determine if they qualify as a lease, the Ministry considers factors such as if they have obtained substantially all the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The Ministry’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Ministry has elected to apply the short-term lease exemption to all leases with a term of one year or less. The short-term lease cost recognized and disclosed for those leases in 2022 is $12,000. The remaining lease payments due in 2023 are $0. The Ministry may enter into short-term lease commitments near the year end.

Note A - Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents, and Restricted Cash

For purposes of the Statement of Cash Flows, the Ministry considers cash and cash equivalents to be cash on hand and cash in banks. The Ministry considers only those investments which are highly liquid, readily convertible to cash, and that mature within three months form date of purchase to be cash equivalents. As of December 31, 2022, the Ministry had cash equivalents of $967,129. The Ministry considers cash as restricted if it has donor-imposed restrictions. As of December 31, 2022, the Ministry had $943,187 in restricted cash.

Investments

The Ministry follows ASC 958-320-35, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under this provision, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Inventories

Thrift shop inventories are comprised primarily of items donated to the Ministry to sell to the general public. The balance of inventory at December 31, 2022 is $889,931 and represents the sales value of donated items. The balance represents management's best estimate of actual items in each store's inventory at year end available for sale. Inventories are recorded at their estimated net realizable value.

Property and Equipment

Property and equipment are depreciated on the straight-line method over their estimated useful lives of 3 to 39 years. Leasehold improvements are amortized on the straight-line method over the shorter of their estimated useful life or term of the lease. Maintenance and repairs are charged to expense when incurred. Assets with a useful life beyond one year or repairs and maintenance that extend the useful life of an asset beyond one year are capitalized and depreciated over the asset's useful life. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation.

Debt Issuance Costs

The Ministry follows FASB ASU 2015-03, ASC subtopic 835-30, *Interest-Imputation of Interest*. Under this guidance, debt issuance costs related to a recognized long-term debt liability are presented in the statement of financial position as a direct deduction from the debt liability and are amortized over the life of the associated bank debt. Thus, debt issuance costs related to long-term debt are netted against "Long-term debt" on the statement of financial position. The Ministry reflects the amortization of debt issuance costs as interest expense. Interest expense related to the amortization of debt issuance costs was $6,143 for year-end December 31, 2022. The estimated interest expense related to the amortization of debt issuance costs for each of the three ensuing years through December 31, 2025 is $6,142.

Revenue Recognition

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other contributions with donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires or the restrictions are met in the same reporting period, contributions are reported as net assets without donor restrictions in the accompanying statement of activities. Grants and contributions received are considered to be available for use unless specifically restricted by the grantor or donor. Amounts received that are designated for a future period or are restricted by the grantor or donor for specific purposes, are reported as restricted support. The balance of net assets with donor restrictions is $985,797 at December 31, 2022.

Lighthouse Ministries, Inc.

Notes to Financial Statements
For the Year Ended December 31, 2022

Note A - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Ministry recognizes revenues from exchange transactions, such as fees for services, when the services are rendered. A receivable is recognized by the Ministry for outstanding invoices or other known amounts due to it. The Ministry records contributions from the general public and associated organizations when received.

Contributed Assets and Services

Contributed assets and services are reflected as revenues at their estimated values at the date of receipt. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Ministry. Volunteer provided services at the Ministry's thrift stores and shelters throughout the year are not recognized as contributions in the financial statements since the recognition criteria are not met. The total value of volunteer hours was $135,531 at December 31, 2022.

Operating Leases

The Ministry has various non-cancellable operating leases for certain real property and equipment. Leases expense for 2022 was $282,427, which is included in Occupancy, Vehicle and Program expenses on the Statement of Functional Expenses.

Advertising

The Ministry expenses advertising costs as incurred. Advertising expense for 2022 was $16,561.

Split-Interest Gifts

For split-interest arrangements in which the Ministry is not the trustee or custodian, the Ministry recognizes an asset for the estimated present value of the Ministry's benefits under the arrangements. For all irrevocable split-interest arrangements, regardless of whether the Ministry acts as trustee or custodian, temporarily restricted contribution revenue is recognized for the estimated present value of the Ministry's benefits of the arrangements in the year the arrangements are established or in the year in which the Ministry is provided sufficient information about the existence and nature of the arrangements. Periodic adjustments are made for changes in estimated present values using applicable mortality tables and discount rates (approximately 6% at December 31, 2022).

Functional Allocation of Expenses

The costs of providing services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program services, general and administrative, and fundraising functions.

Note B – Cash Balances

The Ministry maintains cash balances as of December 31, 2022, as follows:

Cash on Hand	$	1,909
Demand Deposit - Insured by FDIC		393,319
Demand Deposit - Uninsured by FDIC		571,458
Gift Cards		444
Cash Total	$	967,130

Note C – Investments and Fair Value Measurements
The Ministry has invested monies held within an agency fund managed by the GiveWell Community Foundation (the Foundation), which is a tax-exempt public charity. The Ministry's agency fund is invested in the Foundation's long-term pool, consisting of 70% equities (stocks) and 30% fixed income (bonds). As of December 31, 2022, investments held by the Foundation were $269,889.

The Ministry also has investment accounts with National Financial Services, LLC. (NFS) and LPL Financial, LLC., (LPL). As of December 31, 2022, investments held by NFS were $118,151 and LPL were $27.

All securities are held in brokerage accounts in the name of the Ministry.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
LPL Financial, LLC	$ 27	$ 27	$ -	$ -
GiveWell Community Foundation	269,889	269,889	-	-
National Financial Services, LLC	118,151	118,151	-	-
	$ 388,067	$ 388,067	$ -	$ -

NFS investments, as of December 31, 2022, are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following:

	Cost	Fair Value
Investments without Donor Restrictions:		
Fidelity Government Cash Reserves	$ 3,393	$ 3,393
Columbia Dividend Income Fund CL 13	7,560	7,670
Allspring Ultra Short Term Income FD Inst	12,077	11,785
Blackrock FDS GNMA Port CL K	14,259	12,194
Eaton Vance Govt. Opportunities CL I	12,953	11,502
Eaton Vance Short Duration Govt. Inc. I	24,965	23,087
Lord Abbett Short Duration Income CL F	15,652	14,267
Pimco Income Fund Institutional Fund	9,778	8,498
Pimco Real Return Bond Instl Class	9,819	8,115
Vanguard Ultra Short Term Bond Admiral	18,030	17,640
Total	$ 128,486	$ 118,151

All investments are reported on these financial statements at their estimated fair market value. Gains or losses from market value fluctuations are recorded in operations. Investment return, for all investments, consists of the following at December 31, 2022:

Interest and dividends	$ 12,613
Realized and unrealized gains (losses)	(56,376)
Net Income (Loss) from Investments	$ (43,763)

Lighthouse Ministries, Inc.

Notes to Financial Statements
For the Year Ended December 31, 2022

Note D – Property and Equipment

At December 31, 2022, property and equipment was comprised of the following:

	Estimated Useful Life	Cost
Land		$ 1,167,220
Buildings and building improvements	5-40 years	7,734,770
Construction in progress		45,973
Furniture and equipment	5 years	396,687
Vehicles	5 years	214,866
		9,559,516
Less accumulated depreciation		(3,802,259)
Net Property and Equipment		$ 5,757,257

Depreciation expense of $222,914 was charged to operations for the year ended December 31, 2022.

The Ministry evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its property and equipment has occurred. If the Ministry determines that impairment has occurred and that the impairment is other than temporary, then an impairment loss will be recorded in the Ministry's financial statements. In 2022, management determined that no impairment existed at the year ended December 31, 2022; and no impairment loss was recorded.

Note E - Long-Term Debt

Long-term debt consists of the following:

Note payable to Citizens Bank and Trust, payable in monthly installments of $26,662, interest rate of 4.25%, maturity of October 15, 2029, unpaid principal and interest due at maturity, secured by property	$ 4,014,511
Total Long-Term Debt	$ 4,014,511
Less: Unamortized Debt Issuance Costs	(41,461)
	$ 3,973,050
Less: Current Portion	(144,943)
Long-Term Portion	$ 3,828,107

Note E - Long-Term Debt (continued)

Future maturities of long-term debt obligations at December 31, 2022 are as follows:

	Principal	Interest
2023	144,943	174,530
2024	151,224	168,248
2025	157,778	161,694
2026	164,616	154,857
2027	171,750	147,723
2028-2029	3,224,200	250,701
Total	$ 4,014,511	$ 1,057,753

In connection with an Affordable Housing Program Agreement, during the year ended December 31, 2012, the Ministry entered into a construction loan agreement with a bank for the renovation of the men's residence. The bank agreed to advance $1,000,000 of a federal subsidy to the Ministry in connection with the renovation to provide affordable housing to individuals meeting certain restrictions, as further described in the loan documents, and paid out approximately $73,000 in 2012 and the remainder in 2013. The construction loan matured in August 2013. At that time, it was converted to a long-term note bearing no interest and maturing August 2028. In October 2013, the note was paid in full by the subsidy. If the Ministry continues to meet the requirements of the federal subsidy and uses the property for the purposes described in the agreement, the Ministry is not required to make repayment. Management believes the use of the Ministry's property is consistent with the grantors' stipulations and does not anticipate a future financial obligation.

The Ministry is obligated under a loan with Citizens Bank and Trust with an original balance of $4,575,000, payable in monthly installments of principal and interest of $26,662, bearing interest of 4.25%. The loan is secured by property located in Polk County and Hillsborough County. The loan has a maturity date of October 15, 2029, with a final balloon payment unless extended by both parties.

Interest expense amounted to approximately $180,169 in 2022.

Note F - Temporarily Restricted Net Assets

Net assets were temporarily restricted for the following purposes during 2022:

	Balance January 1	Contributions and Other Income	Releases	Reclassifying Asset Adjustments	Balance December 31
Next Step	$ -	$ 1,014,990	$ 39,888	$ 10,000	$ 985,102
Kidcare and preschool	10,000	12,938	22,938	-	-
Learning Center	-	19,000	19,000	-	-
Ybor	-	87,600	87,600	-	-
Ladies and children haircuts	-	375	-	320	695
Food ministry outreach	55,256	30,000	85,256	-	-
Total Temporarily Restricted Net Assets	$ 65,256	$ 1,164,903	$ 254,682	$ 10,320	$ 985,797

Note G - Leasing Activities

The Ministry is obligated under various non-cancellable operating leases for certain real property and equipment at December 31, 2022.

The Ministry has operating leases for retail stores, box trucks, and equipment. The leases have remaining lease terms of 2 years to 6 years, some of which may include options to extend the leases.

The components of lease expense for the year ended December 31, 2022 were as follows:

Operating:		
Operating leases, included in program services expenses	$	90,809
Short-term leases, included in program services expenses		12,000
Variable lease payments, included in program services expenses		179,618

Other information related to leases for the year ended December 31, 2022 were as follows:

Lease Term and Discount Rate:	
(in years)	
Weighted average remaining lease term—Operating leases	2.65
Weighted average discount rate—Operating leases	1.04%

The Ministry is obligated under a five-year lease agreement with Gentilly Corporation to lease real property consisting of a retail location in Lakeland, Florida. The lease term began June 1, 2019 and ends May 31, 2024. Monthly lease payments began August 1, 2019, with the lease amount being $14,012.50 through May 31, 2022 and increasing to $14,602.50 beginning June 1, 2022 and ending May 31, 2024.

The Ministry is obligated under a three-year lease agreement with Cooper's Commercial Rentals to lease real property consisting of a retail location in Winter Haven, Florida. The lease term began October 1, 2021 and ends October 1, 2024. Monthly lease payments began October 1, 2021, with the lease amount being $3,800.

On October 15, 2020, the Ministry renewed its 63-month operating lease with U.S. Bank for office equipment. The lease ends on January 15, 2026.

On August 6, 2019, the Ministry entered into a 72-month operating lease with Hogan Truck Leasing, Inc. for two 18-foot box trucks, which were delivered on December 11, 2019. The lease ends December 11, 2025.

On September 22, 2021, the Ministry entered into an 84-month lease with Hogan Truck Leasing, Inc. for one 26-foot box truck, which was delivered on October 11, 2021. The lease ends October 11, 2028.

Note G - Leasing Activities (continued)

Future minimum lease payments under non-cancellable leases were as follows:

Years Ending December 31,	Operating Leases
2023	$ 273,756
2024	160,138
2025	51,463
2026	19,579
2027	19,289
Thereafter	15,037
Total future minimum lease payments	539,262
Less imputed interest	(13,704)
Total	525,558

Note H - Retirement Plan

The Ministry offers a defined contribution 401k retirement plan for the benefit of its eligible employees. The program covers eligible Ministry employees who have met the minimum age and service requirements, as defined in the plan document. The Ministry makes a matching contribution equal to each employee's salary reduction deferrals up to a maximum of 4% of the employee's eligible compensation for the year. The Ministry contributed $36,503 to the plan during 2022, which is included under other employee benefits on the Statement of Functional Expenses.

Note I - Income Taxes

The Ministry is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from state income tax pursuant to Florida law. The Ministry is further classified as a public charity and not a private foundation for federal tax purposes. Management of the Ministry considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Ministry's status as a not-for-profit entity. Management believes that the Ministry met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Ministry's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Note J – Concentrations

Credit Risk

The Ministry maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Ministry has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Note K– Risk Management

The Ministry is exposed to various risk of loss related to damage or to theft of capital assets, errors and omissions, injuries to employees, lawsuits, and natural disasters. The risk is managed by maintaining insurance coverage with commercial insurance companies for property damage or loss, liability, and workers' compensation. There have been no settlements in excess of insurance coverage over the last year.

Note L – Commitments and Contingencies

COVID-19

In 2022, the spread of the COVID-19 pandemic affected the United States and the Ministry's operations and those of third parties on which the Ministry relies. While during 2022 the Ministry did not see a material COVID-19 impact on the results of operations, given the uncertainties surrounding the duration of the outbreak, it is certainly not currently possible to ascertain the overall long-term impact of COVID-19 on the Ministry. Management is monitoring the situation in order to mitigate any potential impact on the Ministry's operations and financial performance.

Note M – Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$	967,129
Investments		388,067
Less: restricted by donors with purpose and time restrictions		(943,187)
Total available for general expenditures	$	412,009

Note N - Fair Value Measurements

The Fair Value Measurements Topic of FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The Agency measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1 Fair Value Measurements

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Fair Value Measurements

Inputs in other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Note N - Fair Value Measurements (continued)

Level 3 Fair Value Measurements

Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Ministry's significant financial instruments are cash, accounts payable, and other short-term assets and liabilities. For these financial instruments (Level 1), carrying values approximate fair value because of the short-term maturity of these instruments.

Note O – Subsequent Events

The Ministry has evaluated subsequent events through July 19, 2023, which was the date the financial statements were available to be issued.