LIFELINE CHRISTIAN MISSION

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2022 and 2021

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

LIFELINE CHRISTIAN MISSION
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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Directors
Lifeline Christian Mission
Westerville, Ohio

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Lifeline Christian Mission and Affiliate (the "Organization") (a non-profit organization), which comprise the consolidated statement of financial position as of December 31, 2022 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Year Consolidated Financial Statements

The consolidated financial statements and supplementary schedules as of December 31, 2021, were audited by other auditors whose reported dated November 1, 2022, expressed an unmodified opinion on those financial statements.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, effective January 1, 2022, the Organization adopted Accounting Standards Update 2016-02 *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Cherry Bekaert LLP

Lexington, Kentucky
September 25, 2024

LIFELINE CHRISTIAN MISSION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 472,923	$ 672,060
Investments	-	25,500
Contributions receivable	137,674	178,522
Employee Retention Credit receivable	226,466	375,101
Prepaid expenses and other current assets	35,258	30,418
Inventory	261,522	460,092
Beneficial interest in assets	116,638	110,000
Property and equipment, net	2,294,867	2,159,963
Operating lease right-of-use assets	1,469,709	-
Total Assets	$ 5,015,057	$ 4,011,656
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 869,308	$ 328,662
Accrued expenses	60,751	684,977
Deferred revenue	7,500	66,738
Debt, net	1,656,939	1,836,574
Operating lease liability	1,533,576	-
Total Liabilities	4,128,074	2,916,951
Net Assets:		
Without donor restrictions	138,247	(172,163)
With donor restrictions	748,736	1,266,868
Total Net Assets	886,983	1,094,705
Total Liabilities and Net Assets	$ 5,015,057	$ 4,011,656

The accompanying notes to the consolidated financial statements are an integral part of these statements.

LIFELINE CHRISTIAN MISSION
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 7,671,527	$ 25,000	$ 7,696,527
Gifts-in-kind	1,379,730	-	1,379,730
School revenue	474,974	-	474,974
Other income	274,331	-	274,331
Total Support and Revenue	9,800,562	25,000	9,825,562
Reclassifications:			
Satisfaction of program restrictions	543,132	(543,132)	-
Expenses:			
Program services	8,280,698	-	8,280,698
Supporting Activities:			
Management and general	1,599,790	-	1,599,790
Fundraising	152,796	-	152,796
Total Supporting Activities	1,752,586	-	1,752,586
Total Expenses	10,033,284	-	10,033,284
Change in net assets	310,410	(518,132)	(207,722)
Net assets, beginning of year	(172,163)	1,266,868	1,094,705
Net assets, end of year	$ 138,247	$ 748,736	$ 886,983

The accompanying notes to the consolidated financial statements are an integral part of these statements.

LIFELINE CHRISTIAN MISSION
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 6,830,546	$ 579,916	$ 7,410,462
Gifts-in-kind	931,864	-	931,864
School revenue	228,641	-	228,641
Employee Retention Credit income	226,466	-	226,466
Other income	131,406	-	131,406
Total Support and Revenue	8,348,923	579,916	8,928,839
Reclassifications:			
Satisfaction of program restrictions	197,865	(197,865)	-
Expenses:			
Program services	7,397,279	-	7,397,279
Supporting Activities:			
Management and general	1,143,711	-	1,143,711
Fundraising	305,358	-	305,358
Total Supporting Activities	1,449,069	-	1,449,069
Total Expenses	8,846,348	-	8,846,348
Change in net assets	(299,560)	382,051	82,491
Net assets, beginning of year	127,397	884,817	1,012,214
Net assets, end of year	$ (172,163)	$ 1,266,868	$ 1,094,705

The accompanying notes to the consolidated financial statements are an integral part of these statements.

LIFELINE CHRISTIAN MISSION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting	Total
Salaries and benefits	$ 2,526,257	$ 941,824	$ 128,082	$ 1,069,906	$ 3,596,163
Grants to others	2,380,875	2,528	-	2,528	2,383,403
Food and nutrition	1,690,325	33,360	-	33,360	1,723,685
Office expenses	496,014	107,314	1,042	108,356	604,370
Supplies, equipment, and maintenance	252,547	247,681	3,036	250,717	503,264
Travel and shipping	675,069	37,084	20,636	57,720	732,789
Depreciation and amortization	83,509	83,930	-	83,930	167,439
Interest	57,622	41,485	-	41,485	99,107
Other	118,480	104,584	-	104,584	223,064
	$ 8,280,698	$ 1,599,790	$ 152,796	$ 1,752,586	$ 10,033,284

The accompanying notes to the consolidated financial statements are an integral part of these statements.

LIFELINE CHRISTIAN MISSION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting	Total
Salaries and benefits	$ 2,502,765	$ 593,810	$ 250,447	$ 844,257	$ 3,347,022
Grants to others	2,194,400	-	-	-	2,194,400
Food and nutrition	1,050,219	1,523	1,523	3,046	1,053,265
Office expenses	358,412	343,346	14,570	357,916	716,328
Supplies, equipment, and maintenance	463,655	142,507	20,537	163,044	626,699
Travel and shipping	503,109	7,589	16,700	24,289	527,398
Depreciation and amortization	150,458	52,399	1,176	53,575	204,033
Other	174,261	2,537	405	2,942	177,203
	$ 7,397,279	$ 1,143,711	$ 305,358	$ 1,449,069	$ 8,846,348

The accompanying notes to the consolidated financial statements are an integral part of these statements.

LIFELINE CHRISTIAN MISSION
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (207,722)	$ 82,491
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	167,439	204,033
Amortization on operating right-of-use asset	269,245	-
Realized and unrealized gain on investments	-	(6,408)
Forgiveness of Paycheck Protection Program loan	-	(344,471)
Amortization of debt issuance costs	2,512	5,644
Donated land	(140,000)	-
Increase in value of benefical interest in assets	(6,638)	-
Contribution of beneficial interest in assets	-	(110,000)
Loss on disposal of property and equipment	-	7,382
Changes in:		
Contributions receivable	40,848	(26,013)
Employee Retention Credit receivable	148,635	(226,466)
Prepaid expenses and other assets	(4,840)	15,508
Inventory	198,570	(312,623)
Accounts payable	540,646	47,479
Accrued expenses	(624,226)	(164,876)
Operating lease liability	(205,378)	-
Deferred revenue	(59,238)	24,535
Net cash flows from operating activities	119,853	(803,785)
Cash flows from investing activities:		
Purchase of property and equipment	(162,343)	(292,110)
Proceeds from sales of investments	25,500	116,408
Proceeds from sale of property and equipment	-	2,073
Net cash flows from investing activities	(136,843)	(173,629)
Cash flows from financing activities:		
Borrowings on debt	-	508,102
Proceeds from Paycheck Protection Program loan	-	344,471
Borrowings on line of credit	-	260,000
Payments on line of credit	(55,000)	(71,011)
Payments on debt	(127,147)	(90,313)
Net cash flows from financing activities	(182,147)	951,249
Net change in cash and cash equivalents	(199,137)	(26,165)
Cash and cash equivalents, beginning of year	672,060	698,225
Cash and cash equivalents, end of year	$ 472,923	$ 672,060
Supplemental disclosures of cash flow information:		
Property and equipment acquired through debt	$ -	$ 36,383
Addition of operating right of use asset	$ 350,919	$ -
Recognition of operating right-of-use asset and lease liability	$ 1,388,035	$ -
Noncash transaction to recognize loan forgiveness	$ -	$ 344,471
Cash paid during the year for interest expense	$ 99,107	$ 82,175
Refinanced debt	$ -	$ 172,524

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Note 1—Nature of organization and operations

Lifeline Christian Mission and Affiliate ("LCM") is a nonprofit organization. The primary purpose of LCM is to construct and operate churches, schools, and medical facilities, including providing charitable relief in the form of food and medical supplies, in Haiti, Honduras, El Salvador, Cuba, Canada, Guatemala, Panama, Ecuador, and Red Sands (USA).

LCM's outreaches are funded by contributions from churches and individuals throughout the country, a majority of which are located in the Midwest.

Note 2—Significant accounting policies

Principles of Consolidation – The consolidated financial statements include the accounts of Lifeline Christian Mission and Lifeline Christian Mission Foundation – Honduras, which is a legal operating entity that is controlled by Lifeline Christian Mission (collectively referred to as the "Organization"). All significant intercompany transactions and balances have been eliminated within the consolidated financial statements.

Basis of Accounting – The consolidated financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the sole source of authoritative accounting technical literature.

Accounting Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

Subsequent Events – Subsequent events for the Organization have been considered through September 25, 2024, which represents the date the consolidated financial statements were available to be issued.

Cash and Cash Equivalents – The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2022 and 2021, there were no such cash equivalents.

All accounts maintained at financial institutions in the United States are insured by the Federal Deposit Insurance Corporation up to $250,000 per bank. The Company maintains balances in excess of federally insured limits with its banks. The uninsured cash balance at December 31, 2022 and 2021 was approximately $54,000 $148,000, respectively.

Investments – Investments consist of a time certificate held with The Solomon Foundation ("TSF", see Note 11). The time certificate with TSF is a deposit investment that represents unsecured and uninsured debt obligations of The Solomon Foundation that matured on May 31, 2022.

Contributions Receivable – Contributions receivable are unconditional promises to give related to meal pack events and are recognized as assets and revenue in the period received. All receivables are expected to be received within one year and are recorded at their net realizable value based on management's estimate of the receivables being collectible. Management believes all contributions receivable are collectible; therefore, no allowance for uncollectible amounts has been recorded as of December 31, 2022 or 2021.

Note 2—Significant accounting policies (continued)

Employee Retention Credit Receivable – During the prior years, the Organization determined that it was eligible for refundable Employee Retention Credits ("ERC"). The Organization accounted for the ERC as a grant by analogy to International Accounting Standard ("IAS") 20, Accounting for Government Grants and Disclosure of Government Assistance. For the years ended December 31, 2022 and 2021, the Organization has a receivable of $226,466 and $375,101, respectively. Subsequent to December 31, 2022, the Organization received all remaining receivables under the ERC.

Inventory – Inventory procured by the Organization is stated at the lower of cost or net realizable value. Costs are determined using the first-in, first-out method. The Organization receives donations of medical supplies, clothing, and food for use in its outreach programs. Gifts-in-kind contributions are valued at their estimated fair value on the date of donation. Fair value is determined using the market approach whereby the Organization uses prices and other relevant information generated for market transactions involving comparable assets.

Beneficial Interest in Assets – Beneficial interest in assets consist of an unconditional interest in the future cash flows of an investment held with The Solomon Foundation (see Note 11). The Organization does not have control over the funds but does retain an unconditional interest in the future cash flows of the investment; therefore, the Organization recorded this beneficial interest at the fair market value upon receipt during the year ended December 2021 and recorded the increase in fair value during the year ended December 31, 2022. Distributions of the funds are treated as unconditional contributions without donor restrictions during the year they occur.

Property and Equipment – Property and equipment purchased by the Organization are recorded at cost. The Organization capitalizes all expenditures for property and equipment over $5,000 with a useful life in excess of one year. The fair value of donated property and equipment are similarly capitalized without donor restriction unless explicit donor stipulations specify the use of the asset, in which the donor restriction is released when the property and equipment is placed in service. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets:

Building and improvements	15 – 39 years
Furniture and equipment	5 – 7 years
Vehicles	7 – 15 years
Software	5 – 12 years

When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in income. Maintenance and repairs are expensed as incurred.

Note 2—Significant accounting policies (continued)

Donor-Imposed Restrictions – The Organization records and reports its assets, liabilities, net assets, revenues, gains and losses, and other support based on the existence or absence of donor-imposed restrictions. The Organization reports information regarding its financial position and activities according to the following net asset classifications:

> *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
>
> *Net Assets with Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity. The Organization has no net assets with donor restrictions that must be maintained in perpetuity as of December 31,2022 or 2021.

Implementation of New Accounting Standard – In February 2016, FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use ("ROU") asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. The Organization has adopted this standard as of January 1, 2022 and recorded $1,388,035 in ROU assets and lease liabilities as of this date. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in ASC 840. The Organization adopted ASU Topic 842 using the optional transition method and certain practical expedients, which allows entities to apply the guidance at the adoption date and recognize a cumulative effect adjustment to the opening balance of members' equity, if any, in the period of adoption with no restatement of comparative periods. The Organization has developed a methodology to estimate the ROU assets and lease liabilities, which is based on the preset value of lease payments.

The Organization determines if an arrangement is a lease at the inception of the contract. A contract is or contains a lease if the contract conveys the right to controls the use of an identified asset for a period of time in exchange for consideration. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease.

For short term leases, (that is a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset the Organization is reasonably certain to exercise) an ROU asset and lease liability is not recognized, instead lease payments are recognized in the income statement on a straight-line bases over the lease term and any variable lease payments are recognized when the obligation for those payments is incurred.

Lease agreements with lease and non-lease components are generally accounted for separately. The Organization has elected to account for the lease and non-lease components as a single lease component for all asset classes. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of non-lease components may be revised. These variable lease payments will be recognized in operating expenses in the period in which the obligation for those payments is incurred.

See Note 8 for details of the Organization's ROU assets and lease liabilities related to its operating leases.

Note 2—Significant accounting policies (continued)

Effective January 1, 2022, FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires contributed nonfinancial assets be shown separate from contributions of cash and other financial assets and provides for qualitative disclosure regarding valuation techniques, categories of contributed nonfinancial assets, and their use. The standard was applied retrospectively as of the effective date with no material impact.

Revenue Recognition – The Organization receives revenue from contributions, gifts-in-kinds and investment income which are outside of the scope of ASC *Revenue from Contracts with Customers (Topic 606)*. The Organization recognizes contributions when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. Conditional promises to give – that is, those with a measurable performance or other barrier or a right of return – are not recognized until the conditions upon which they depend have been met.

School revenue consists of tuition income that is recognized in the year the educational services are provided and as the performance obligations are simultaneously received and consumed by the students. The over-time revenue recognition is based on the output method with revenue recognition recognized ratably over the contract period (the academic period) as the educational services are being provided. The output method is believed to be the most appropriate depiction of the Organization's performance because it directly measures the educational services provided to date. Any amounts received in advance of the academic year are deferred to the academic year to which the tuition related.

Other income is recorded at the point in time that the service is provided or the product is sold.

Income Tax Status – LCM is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the IRC. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the IRC. It is, however, subject to income taxes on "unrelated business income", of which management has determined there was none for the years ended December 31,2022 and 2021. As of December 31,2022 and 2021, the Organization has no uncertain tax positions that qualify for disclosure in the financial statements.

Advertising Costs - Advertising costs are expensed as incurred. Advertising expenses as of December 31, 2022 and 2021 were $11,596 and $11,786, respectfully.

Functional Allocation of Expenses – The consolidated statements of functional expenses reports certain categories of expenses that are attributable to program or support activities of the Organization. These expenses include depreciation and supplies, equipment, and maintenance, which are allocated based on square footage of occupancy. Costs of other categories, such as salaries and benefits, were allocated on estimates of time and effort.

Note 3—Liquidity and funds available

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of board designations and contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date.

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 472,923	$ 672,060
Investments	-	25,500
Contributions receivable	137,674	178,522
Employee Retention Credit receivable	226,466	375,101
Accounts receivable (included within prepaid expenses and other assets)	-	76,684
Financial assets, at year-end	837,063	1,327,867
Less those unavailable for general expenditures within one year, due to:		
Board designations - Legacy Fund	-	(40,200)
Restricted by donor with purpose restrictions	(748,736)	(125,000)
	(748,736)	(165,200)
Financial assets available to meet cash needs for general expenditures within one year	$ 88,327	$ 1,162,667

The Organization is substantially supported by contributions, which at times are received with restrictions. Those contributions with donor restriction require resources to be used in a particular manner or in a future period. The Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization also could draw upon its two available revolving lines of credit up to $570,000, with availability of $51,011 as of December 31, 2022 (see Note 6).

Note 4—Inventory

Inventory consists of the following as of December 31:

	2022	2021
Meal pack supplies	$ 222,454	$ 374,685
Medical and other supplies	39,068	85,407
	$ 261,522	$ 460,092

Note 5—Property and equipment

Property and equipment-net consists of the following as of December 31:

	2022	2021
Land	$ 232,140	$ 90,721
Buildings and improvements	2,243,621	2,125,352
Vehicles	329,136	330,763
Eqipment and furniture	315,870	352,544
Software	96,542	96,542
	3,217,309	2,995,922
Less accumulated depreciation	(1,144,193)	(935,231)
	2,073,116	2,060,691
Construction in process	221,751	99,272
	$ 2,294,867	$ 2,159,963

Note 6—Debt

Debt consists of the following as of December 31:

	2022	2021
Note payable with Feeding Children International which requires monthly installments of principal and interest of $6,459 through August 2028 with an interest rate of 1.78%.	$ 417,475	$ 486,877
Note payable with TSF (see Note 11) which requires monthly installments of principal and interest of $3,424 through May 2049. Note has tiered interest rate based upon outstanding balance. Interest rate at December 31, 2022 and 2021 is 7.25%. The note is secured by a building.	479,072	485,189
Note payable with TSF (see Note 11) which requires monthly installments of principal and interest of $1,166 through June 2026. Interest rate is 6.85%. The note is secured by a building.	174,881	176,825
Revolving line of credit with TSF (see Note 11), with a maximum borrowing capacity of $380,000. Monthly interest only payments are calculated at the annual rate of 7.75% on the outstanding balance, which matures March 2023. See Note 12.	373,989	378,989
Revolving line of credit with TSF (see Note 11), with a maximum borrowing capacity of $190,000. Monthly interest only payments are calculated at the annual rate of 7.75% on the outstanding balance, which matures November 2028.	140,000	190,000
Financing agreement with a company requiring monthly installments of principal and interest of $1,830 through July 2023. Interest rate is 2%. Secured by laptops and docking stations.	15,200	36,029
Financing agreement with a company requiring monthly installments of principal and interest of $737 through July 2025. Interest rate is 1.5%. Secured by a vehicle.	22,409	31,123
Financing agreement with a company requiring monthly installments of principal and interest of $603 through September 2025. Interest rate is 4%. Secured by a vehicle.	18,627	25,096

Note 6—Debt (continued)

	2022	2021
Financing agreement with a company requiring monthly installments of principal and interest of $649 through July 2025. Interest rate is 2%. Secured by a copier.	$ 23,438	$ 26,877
Note payable to the landlord for tenant improvements. Monthly installments of principal of $702 through June 2022, 0% interest.	-	4,212
Financing agreement with a company requiring monthly installments of principal and interest of $537 through July 2022. Interest rate is 7.74%. Secured by a vehicle.	-	3,153
Financing agreement with a company requiring monthly installment payments of $239 through January 2023. Secured by equipment.	239	3,107
	1,665,330	1,847,477
Less net unamortized debt issuance costs	(8,391)	(10,903)
	$ 1,656,939	$ 1,836,574

Future estimated maturities of debt are as follows:

<u>Years Ending December 31,</u>	
2023	$ 155,851
2024	143,988
2025	144,313
2026	291,172
2027	124,910
Thereafter	805,096
	$ 1,665,330

The Organization had $344,741 in loan forgiveness for the year ended December 31, 2021.

Debt issuance costs are amortized ratably over the term of the related loan. Approximately $2,500 per year will be amortized through 2025 and $855 will be amortized in 2026.

Note 7—Net assets

Net assets consist of the following as of December 31:

	2022	2021
Net assets without donor restrictions consist of:		
Undesignated	$ 138,247	$ (212,363)
Board designated for Legacy fund	-	40,200
	$ 138,247	$ (172,163)
Net assets with donor restrictions consist of		
Food and nutrition	$ 168,678	$ 485,859
Homes for Haiti	197,580	205,271
Time restrictions	137,674	178,522
Legacy Fund	-	125,000
Surgery center	78,584	78,584
Solar panels	66,080	71,180
Gifts to children and mission trips	20,904	47,750
Other programs	79,236	37,976
Benevolence	-	36,726
	$ 748,736	$ 1,266,868

Note 8—Lease commitments

The Organization has applied the requirements of ASU Topic 842 and all subsequent ASUs that modified ASU Topic 842. The Organization has noncancelable operating leases for all warehouse locations and vehicle leases. These lease agreements have terms remaining ranging from 1 to 6 years and have the existence and terms and conditions of options for extending or terminating the leases. The lease liability is recorded at the present value of the unpaid lease payments discounted at the discount rate for the lease established at the commencement date. The Organization utilized the incremental rate for operating leases.

At December 31, 2022, the weight-average remaining lease term under the leases was 3.78 years.

At December 31, 2022, the weight-average discount rate with respect to the leases was 2.39%.

Note 8—Lease commitments (continued)

At December 31, 2022, the future lease payments under the operating leases and the net present value for the future lease payments, as discounted using the incremental rate, are as follows:

Years Ending December 31,		
2023	$	277,799
2024		265,231
2025		266,977
2026		210,176
2027		150,847
Thereafter		421,496
Total future undiscounted lease payments		1,592,526
Amounts representing imputed interest		(58,951)
Net present value of future lease payments	$	1,533,575

Total rent expense for the year ended December 31, 2022 was approximately $430,222. Also included in total rent expense are other leases with an initial term of twelve months or less (approximately $87,777). Short term leases are not considered in the determination of the lease payments for purposes of measuring the operating ROU asset and liability.

Note 9—Gifts-in-kind

Donated materials and equipment are shown as gifts, valued at their estimated fair value at the date of receipt. Donated 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 Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation. A large number of volunteers have given significant amounts of their time for the operation of the Organization throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met.

The Organization received the following contributions of nonfinancial assets as of December 31:

	2022	2021
Meals and food	$ 881,859	$ 702,521
Ministry supplies	257,191	179,231
Medical supplies	40,756	40,130
Equipment	199,924	-
Sponsor gifts and other	-	9,982
	$ 1,379,730	$ 931,864

Note 9—Gifts-in-kind (continued)

The Organization receives donated goods in new or useable condition that are utilized to directly benefit clients receiving services through site locations. Donated goods consist of clothing, food, diapers, hygiene and first aid items, furniture, and vehicles. The Organization researches current values to determine the fair value of donated goods. Items in fair condition are valued at the lower end of the scale while those in better condition are valued higher. All donated items were utilized in the Organization's programs and supporting services. There were no donor-imposed restrictions associated with donated goods.

Note 10—Retirement plan

The Organization offers a defined contribution retirement plan through The Solomon Foundation ("TSF") (see Note 11). The plan provides benefits to all participating employees and contributions are immediately vested. The Organization makes contributions based on participants' compensations. The rate of contributions was 0.5% of the participants' compensations as well as a match of up to 1.5%. The Organization's contributions were $70,428 and $40,833, for the years ended December 31, 2022 and 2021, respectively.

Note 11—Related party transactions

The Organization sent grants, including food and supplies, to non-profit affiliates of approximately $302,000 and $1,443,000 and received approximately $-0- and $7,000 in support from the affiliated organizations during the years ended December 31, 2022 and 2021, respectively. The president of the Organization is also the president of the affiliated non-profits. The president of TSF is on the board of the Organization. The Organization had assets consisting of cash equivalents of $82,371 and $72,908, a time certificate of $-0- and $25,500, and a beneficial interest in assets of $116,638 and $110,000, on deposit at TSF as of December 31, 2022 and 2021, respectively. The Organization had notes payable and two lines of credit totaling $1,167,942 and $1,231,003 (see Note 6), as of December 31, 2022 and 2021, respectively, with TSF. Additionally, the Organization made contributions to a retirement plan administered by TSF for $70,428 and $40,833, (see Note 10), as of December 31, 2022 and 2021, respectively.

The Organization's board members contributed approximately $28,700 and $55,000, during the years ended December 31, 2022 and 2021, respectively.

The Organization's president donated land to the Organization valuing $140,000 during the year ended December 31, 2022.

Note 12—Subsequent events

The Organization line of credit (See Note 6) with TSF expired in March 2023 and was subsequently converted to a promissory note with a maximum borrowing capacity of $382,000 and a fixed interest rate of 7%. Monthly principal and interest payments of $2,541 are required through April 1, 2028.