

The Rosser Foundation
d/b/a International Cooperating Ministries
A Pure Charitable Trust and Public Charity
(Within the Meaning of IRC §501(c)(3))

Audited Financial Statements
December 31, 2021 and 2020

ICM

**The Global
Church Developer™**

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The Rosser Foundation
d/b/a International Cooperating Ministries
A Pure Charitable Trust and Public Charity
(Within the Meaning of IRC §501(c)(3))
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December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Rosser Foundation
d/b/a International Cooperating Ministries
A Pure Charitable Trust and Public Charity
(Within the Meaning of IRC §501(c)(3))
Hampton, Virginia 23666

Opinion

We have audited the accompanying financial statements of The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501(c)(3)) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity'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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the Foundation's annual report. The other information comprises the annual results of Foundation programs and operations but it does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Malvin, Diggins + Company, P.C.

Newport News, Virginia
May 5, 2022

The Rosser Foundation
d/b/a International Cooperating Ministries

Statements of Financial Position

December 31, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 3,249,486	\$ 1,972,277
Investments	5,524,808	5,728,973
Contributions receivable	278,048	397,947
Other current assets	29,713	473,934
Inventory	-	3,988
Property, equipment, and improvements, net	1,516,321	1,288,514
Other assets	1,597,524	1,906,635
	<hr/>	<hr/>
Total assets	<u>\$ 12,195,900</u>	<u>\$ 11,772,268</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 294,110	\$ 376,863
Notes payable - PPP loan	-	660,200
Payroll withholdings and other current liabilities	13,099	38,523
Leases payable	1,694	2,869
	<hr/>	<hr/>
Total liabilities	308,903	1,078,455
Net Assets		
Without donor restrictions	8,513,963	5,346,216
With donor restrictions	3,373,034	5,347,597
	<hr/>	<hr/>
Total net assets	11,886,997	10,693,813
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 12,195,900</u>	<u>\$ 11,772,268</u>

See the independent auditor's report and accompanying notes.

The Rosser Foundation
d/b/a International Cooperating Ministries

Statement of Activities

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
Support and revenue			
Contributions	\$ 27,025,504	\$ 8,692,257	\$ 35,717,761
Sales of handbooks, videos, and cassettes	196	-	196
Interest and dividends	346,594	-	346,594
Net assets released from restriction	10,666,820	(10,666,820)	-
Other income	665,150	-	665,150
Gain on sale of assets	259,120	-	259,120
Total support and revenue	38,963,384	(1,974,563)	36,988,821
Expenses			
Program services			
Building program	27,100,440	-	27,100,440
Discipleship	4,484,605	-	4,484,605
Total program services	31,585,045	-	31,585,045
Supporting services			
General and administrative	690,204	-	690,204
Fundraising	3,510,824	-	3,510,824
Total supporting services	4,201,028	-	4,201,028
Total expenses	35,786,073	-	35,786,073
Changes in net assets from operations	3,177,311	(1,974,563)	1,202,748
Nonoperating activities			
Investment return, net	(9,564)	-	(9,564)
Total nonoperating activities	(9,564)	-	(9,564)
Changes in net assets	3,167,747	(1,974,563)	1,193,184
Net assets, beginning of year	5,346,216	5,347,597	10,693,813
Net assets, end of year	\$ 8,513,963	\$ 3,373,034	\$ 11,886,997

See the independent auditor's report and accompanying notes.

The Rosser Foundation
d/b/a International Cooperating Ministries

Statement of Activities

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Support and revenue			
Contributions	\$ 9,654,991	\$ 15,020,800	\$ 24,675,791
Sales of handbooks, videos, and cassettes	346	-	346
Interest and dividends	78,817	-	78,817
Net assets released from restriction	14,643,294	(14,643,294)	-
Other loss	19,179	-	19,179
Loss on sale of assets	(460)	-	(460)
Total support and revenue	24,396,167	377,506	24,773,673
Expenses			
Program services			
Building program	21,721,594	-	21,721,594
Discipleship	2,985,063	-	2,985,063
Total program services	24,706,657	-	24,706,657
Supporting services			
General and administrative	680,511	-	680,511
Fundraising	3,089,644	-	3,089,644
Total supporting services	3,770,155	-	3,770,155
Total expenses	28,476,812	-	28,476,812
Changes in net assets from operations	(4,080,645)	377,506	(3,703,139)
Nonoperating activities			
Investment return, net	1,313,749	-	1,313,749
Total nonoperating activities	1,313,749	-	1,313,749
Changes in net assets	(2,766,896)	377,506	(2,389,390)
Net assets, beginning of year	8,113,112	4,970,091	13,083,203
Net assets, end of year	\$ 5,346,216	\$ 5,347,597	\$ 10,693,813

See the independent auditor's report and accompanying notes.

The Rosser Foundation
d/b/a International Cooperating Ministries
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services			Supporting Services			Total Expenses
	International Church Growth	Discipleship	Total Program Services	General & Administration	Ministry Advancement	Total Supporting Services	
Expenses							
Building program	\$ 16,323,703	\$ -	\$ 16,323,703	\$ -	\$ -	\$ -	\$ 16,323,703
Building in-kind expense	9,432,336	-	9,432,336	-	-	-	9,432,336
Salaries & wages	805,451	584,132	1,389,583	387,750	1,610,902	1,998,652	3,388,235
Discipleship programs	-	3,460,908	3,460,908	-	-	-	3,460,908
Donor events	-	-	-	-	1,059,604	1,059,604	1,059,604
Employee benefits & tax	117,837	100,306	218,143	60,994	232,720	293,714	511,857
Pastor/partner support	163,147	243,209	406,356	-	-	-	406,356
Travel	83,283	1,059	84,342	28	21,059	21,087	105,429
Donor education	29,826	-	29,826	-	-	-	29,826
Development expenses	-	-	-	-	101,989	101,989	101,989
IT allocation, software & maintenance	50,691	27,982	78,673	16,845	27,414	44,259	122,932
Direct mail expense	8,529	8,529	17,058	4,315	30,712	35,027	52,085
Depreciation	27,627	17,395	45,022	11,256	46,045	57,301	102,323
Credit card processing fees	-	-	-	54,615	-	54,615	54,615
Video production	-	-	-	-	14,336	14,336	14,336
Gifts and donations	-	-	-	27,078	26,497	53,575	53,575
Utilities	13,505	5,141	18,646	11,208	7,137	18,345	36,991
Professional fees	-	-	-	33,702	-	33,702	33,702
Miscellaneous expenses	15,712	5,257	20,969	8,091	77,017	85,108	106,077
Marketing	-	-	-	-	114,856	114,856	114,856
Supplies	932	1,179	2,111	2,531	6,811	9,342	11,453
Vision trips	-	-	-	-	5,363	5,363	5,363
Licenses, fees, taxes	22,547	11,428	33,975	10,492	-	10,492	44,467
Training	1,080	1,059	2,139	1,837	31,393	33,230	35,369
Board and office, conferences, and meetings	1,417	7,373	8,790	5,537	-	5,537	14,327
Leased equipment	1,652	2,221	3,873	9,351	4,091	13,442	17,315
Cleaning & building maintenance	-	-	-	19,727	-	19,727	19,727
Website design & maintenance	-	-	-	-	28,849	28,849	28,849
Postage and shipping	440	2,769	3,209	2,792	7,849	10,641	13,850
Consulting services	-	-	-	550	35,000	35,550	35,550
Insurance	725	670	1,395	13,975	2,174	16,149	17,544
Storage space rental	-	-	-	5,184	-	5,184	5,184
Volunteer expense	-	-	-	2,346	-	2,346	2,346
Cost of sales	-	3,988	3,988	-	-	-	3,988
New brand rollout	-	-	-	-	11,095	11,095	11,095
Planned giving	-	-	-	-	7,911	7,911	7,911
Total expenses	\$ 27,100,440	\$ 4,484,605	\$ 31,585,045	\$ 690,204	\$ 3,510,824	\$ 4,201,028	\$ 35,786,073

See the independent auditor's report and accompanying notes.

The Rosser Foundation
d/b/a International Cooperating Ministries
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services			Supporting Services			Total Expenses
	International Church Growth	Discipleship	Total Program Services	General & Administration	Ministry Advancement	Total Supporting Services	
	Expenses						
Building program	\$ 12,922,397	\$ -	\$ 12,922,397	\$ -	\$ -	\$ -	\$ 12,922,397
Building in-kind expense	7,503,954	-	7,503,954	-	-	-	7,503,954
Salaries & wages	820,690	477,163	1,297,853	414,957	1,618,078	2,033,035	3,330,888
Discipleship programs	-	2,333,702	2,333,702	-	-	-	2,333,702
Donor events	-	-	-	-	100,877	100,877	100,877
Employee benefits & tax	144,997	91,523	236,520	71,569	273,440	345,009	581,529
Pastor/partner support	108,986	-	108,986	-	-	-	108,986
Travel	62,487	4,158	66,645	-	17,717	17,717	84,362
Donor education	44,094	-	44,094	-	-	-	44,094
Development expenses	-	-	-	-	56,819	56,819	56,819
IT allocation, software & maintenance	33,951	22,139	56,090	20,944	31,851	52,795	108,885
Direct mail expense	6,984	6,984	13,968	2,175	28,860	31,035	45,003
Depreciation	19,965	13,310	33,275	11,646	38,266	49,912	83,187
Credit card processing fees	-	-	-	39,127	-	39,127	39,127
Video production	-	-	-	-	14,001	14,001	14,001
Gifts and donations	-	-	-	1,870	628	2,498	2,498
Utilities	13,908	6,556	20,464	8,946	8,179	17,125	37,589
Professional fees	2,250	-	2,250	35,063	-	35,063	37,313
Miscellaneous expenses	1,807	2,280	4,087	8,373	1,563	9,936	14,023
Marketing	-	-	-	-	566,261	566,261	566,261
Supplies	2,115	2,230	4,345	3,321	13,169	16,490	20,835
Vision trips	-	-	-	-	8,335	8,335	8,335
Licenses, fees, taxes	19,945	8,910	28,855	8,826	-	8,826	37,681
Training	960	720	1,680	3,999	12,629	16,628	18,308
Donor gifts	-	-	-	-	26,356	26,356	26,356
Board & conferences	4,323	8,484	12,807	3,252	-	3,252	16,059
Leased equipment	5,863	1,964	7,827	7,855	3,493	11,348	19,175
Cleaning & building maintenance	-	-	-	14,028	-	14,028	14,028
Website design & maintenance	-	-	-	-	26,068	26,068	26,068
Postage and shipping	252	2,864	3,116	3,224	10,874	14,098	17,214
Consulting services	-	-	-	-	180,000	180,000	180,000
Insurance	1,203	1,008	2,211	15,536	4,248	19,784	21,995
Storage space rental	-	-	-	4,798	-	4,798	4,798
Volunteer expense	-	-	-	764	-	764	764
Department meetings	463	303	766	238	-	238	1,004
Cost of sales	-	765	765	-	-	-	765
New brand rollout	-	-	-	-	42,432	42,432	42,432
Planned giving	-	-	-	-	5,500	5,500	5,500
Total Expenses	\$ 21,721,594	\$ 2,985,063	\$ 24,706,657	\$ 680,511	\$ 3,089,644	\$ 3,770,155	\$ 28,476,812

See the independent auditor's report and accompanying notes.

The Rosser Foundation
d/b/a International Cooperating Ministries

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 1,193,184	\$ (2,389,390)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	102,323	83,187
(Gain) Loss on sale of assets	(259,120)	460
Net realized and unrealized (gain) on sale of investments	(81,962)	(940,086)
Reinvested dividends and capital (gains)	(393,515)	(278,209)
PPP loan forgiven	(660,200)	-
(Increase) Decrease in operating assets:		
Inventory	3,988	765
Contributions receivable	119,899	66,462
Other current assets	444,221	(182,597)
Increase (decrease) in operating liabilities:		
Accounts payable	(82,753)	173,102
Payroll withholdings	(25,424)	11,673
Net cash provided by (used in) operating activities	<u>360,641</u>	<u>(3,454,633)</u>
Cash flows from investing activities		
Principal payments on notes receivable	61,816	54,904
Purchase of property, equipment, and improvements	(348,971)	(139,907)
Proceeds from sale of investments	3,404,983	2,351,267
Purchase of investments	(2,200,084)	-
Net cash provided by (used in) investing activities	<u>917,744</u>	<u>2,266,264</u>
Cash flows from financing activities		
Payments on lease payable	(1,175)	(14,101)
Notes payable - PPP loan proceeds	-	660,200
Net cash provided by (used in) financing activities	<u>(1,175)</u>	<u>646,099</u>
Net increase (decrease) in cash	1,277,210	(542,270)
Cash - beginning of year	<u>1,972,277</u>	<u>2,514,547</u>
Cash - end of year	<u>\$ 3,249,486</u>	<u>\$ 1,972,277</u>
Supplemental Disclosures of Cash Flow Information		
Noncash Operating and Investing Activities:		
In-kind donations - building	<u>\$ 9,432,336</u>	<u>\$ 7,503,954</u>
Non-cash donations for auctions	<u>\$ 79,065</u>	<u>\$ 55,058</u>
Contributions of stock	<u>\$ 706,565</u>	<u>\$ 363,322</u>

See the independent auditor's report and accompanying notes.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501 (c)(3)) (the Foundation), is a not-for-profit irrevocable trust established under the laws of the Commonwealth of Virginia. It operates as a publicly supported organization. The Foundation is dedicated to spreading the Gospel throughout the world by nurturing believers and assisting church growth worldwide.

Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report 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 Foundation management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's purpose of spreading the gospel and worldwide church growth, interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

The Foundation maintains several checking accounts at a local bank. Accounts at this financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution can at times exceed federally insured limits throughout the year. Amounts in excess of the FDIC limit as of December 31, 2021 and 2020, were \$2,670,340 and \$1,645,360, respectively. Brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC). The SIPC insures accounts (not the underlying investments) with each brokerage firm up to a maximum of \$500,000. Uninsured balances at the Foundation's various brokerage houses exceeded SIPC limits by \$5,024,808 and \$5,216,746 as of December 31, 2021 and 2020, respectively.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

As of December 31, 2021 and 2020, the Foundation had no unconditional promises to give and contributions receivables from year-end donors were \$278,048 and \$397,947, all of which are expected to be collected within one year.

Inventory

Inventory is stated at the lower of cost, determined by the first-in, first-out method, or market. Inventory is composed of books, videos, and CDs.

Property, Equipment, and Improvements

Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donations must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions in the statements of activities at that time. Property and equipment are depreciated using the straight-line method.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability;
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Fair Value of Financial Instruments

The Foundation's financial instruments consist primarily of cash, promises to give, donations receivable, inventory, notes receivable, and accounts payable. The carrying amount of cash, promises to give, donations receivable, inventory, notes receivable, and accounts payable approximate their fair value due to the short-term nature of such investments.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Conditional Promises and Indications of Intentions to Give

Pursuant to the Foundation's policy and in conformity with accounting standards, the Foundation does not recognize conditional promises or intentions to give as revenue until the condition is met or the pledges are received.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under §501(c)(3) of the Internal Revenue Code.

Compensated Absences

Employees of the Foundation are entitled to paid vacation and sick/personal leave depending on job classification, length of service, and other factors. It is not practicable for the Foundation to estimate the amount of compensation for future absences. Accordingly, no liability for compensated absences has been recorded in the accompanying financial statements. The Foundation's policy is to recognize the costs of compensated absences when actually paid to the employee.

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NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>	<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Department/Time and effort	Supplies	Department/Time and effort
Travel	Department/Time and effort	Licenses, fees, taxes	Department/Time and effort
Direct mail expense	Department/Time and effort	Board and conferences	Department/Time and effort
Depreciation	Department/Time and effort	Leased equipment	Department/Time and effort
Insurance	Department/Time and effort	Postage and shipping	Department/Time and effort
Utilities	Department/Time and effort	Miscellaneous	Department/Time and effort
Information Technologies	Department/Time and effort		

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash	\$ 3,249,486	\$ 1,972,277
Contributions receivable	278,048	397,947
Investments	5,524,808	5,728,973
Other assets	1,597,524	1,906,635
Total Financial Assets	<u>10,649,866</u>	<u>10,005,832</u>
Less amounts <i>not available to be used within one year</i> :		
Net assets with donor restrictions	<u>430,321</u>	<u>518,229</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 10,219,545</u>	<u>\$ 9,487,603</u>

The Foundation's goal is generally to maintain financial assets to meet 120 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments such as money market accounts.

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NOTE 3 – PROPERTY, EQUIPMENT, AND IMPROVEMENTS

Property, equipment, and improvements consist of the following at December 31, 2021 and 2020:

	2021	2020
Land	\$ 286,403	\$ 286,403
Buildings	388,598	388,598
Improvements	575,086	575,086
Furniture, fixtures, and equipment	1,017,673	823,023
Master video and audio tapes	57,831	57,831
	<u>2,325,591</u>	<u>2,130,941</u>
Less: accumulated depreciation	<u>(809,270)</u>	<u>(842,427)</u>
Net property, equipment, and improvements	<u>\$ 1,516,321</u>	<u>\$ 1,288,514</u>

Total depreciation expense for the years ended December 31, 2021 and 2020 was \$102,323 and \$83,187, respectively.

NOTE 4 – INVESTMENTS

Investments are stated at fair value and are summarized as follows as of December 31, 2021 and 2020:

	2021		
	Cost	Fair Market Value	Unrealized Gain
Mutual Funds	\$ <u>5,022,548</u>	\$ <u>5,524,808</u>	\$ <u>502,260</u>
	2020		
	Cost	Fair Market Value	Unrealized Gain
Mutual Funds	\$ <u>4,755,430</u>	\$ <u>5,728,973</u>	\$ <u>973,543</u>

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NOTE 4 – INVESTMENTS (continued)

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	\$ 346,594	\$ -	\$ 346,594
Net realized and unrealized gain on investments	(9,564)	-	(9,564)
Total investment return	\$ 337,030	\$ -	\$ 337,030

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	\$ 78,817	\$ -	\$ 78,817
Net realized and unrealized gain on investments	1,313,749	-	1,313,749
Total investment return	\$ 1,392,566	\$ -	\$ 1,392,566

NOTE 5 – FAIR VALUE MEASUREMENTS

Level 1 Fair Value Measurements

The fair values of mutual funds are available based on quoted market prices, when available.

December 31, 2021

Investment Category	Fair Value Measurements Using:			Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Mutual Funds	\$ 5,524,808	\$ -	\$ -	\$ 5,524,808
Total	\$ 5,524,808	\$ -	\$ -	\$ 5,524,808

December 31, 2020

Investment Category	Fair Value Measurements Using:			Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Mutual Funds	\$ 5,728,973	\$ -	\$ -	\$ 5,728,973
Total	\$ 5,728,973	\$ -	\$ -	\$ 5,728,973

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NOTE 6 – OTHER ASSETS

Other assets consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Partnership – Green Mount Associates, LLC, 18.18% interest	\$ 1,084,164	\$ 1,331,459
Note Receivable	513,360	575,176
Total other assets	<u>\$ 1,084,164</u>	<u>\$ 1,906,635</u>

The Foundation measures its investment in Green Mount Associates, LLC (LLC) using the equity method as the LLC invests in real estate and the Foundation has more than a minor interest in the LLC. The Foundation initially measured the donated membership interests at fair value on the date of donation. The carrying amount of the LLC is adjusted annually by the percentage of any change in its equity corresponding to the Foundation’s percentage interest in the LLC. The carrying costs of the LLC are also increased or decreased to reflect additional contributions or withdrawals of capital.

NOTE 7 –NET ASSETS

Net asset with donor restrictions were as follows for the years ended as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Specific Purpose:		
Pastor & partner support	\$ 4,067	\$ 8,804
Church building program	1,096,212	4,308,854
Discipleship	2,272,755	1,029,054
Disaster aid	-	885
	<u>3,373,034</u>	<u>5,347,597</u>
Passage of Time:		
Unconditional promises to give	-	-
Total net assets	<u>\$ 3,373,034</u>	<u>\$ 5,347,597</u>

Net assets without donor restrictions for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	<u>\$ 8,513,963</u>	<u>\$ 5,346,216</u>

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NOTE 7 – NET ASSETS (continued)

Net assets released from net assets with donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restriction:		
Discipleship	\$ 900,944	\$ 926,041
Discipleship	831,110	1,070,732
Building program	8,855,338	12,555,448
Disaster aid	885	-
Partner support	<u>78,543</u>	<u>91,073</u>
Total net assets released from restrictions	<u>\$ 10,666,820</u>	<u>\$ 14,643,294</u>

NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For the year ended December 31, 2021, \$2,273,453 of indirect expenses were allocated to program services and \$2,148,267 to ministry advancement. For the year ended December 31, 2020, \$1,792,760 of indirect expenses were allocated to program services and \$2,245,793 to ministry advancement.

NOTE 9 – INCOME TAXES

Accounting standards clarify the accounting and recognition for income tax positions taken or expected to be taken in the Foundation's income tax returns. In evaluating the Foundation's tax provisions and accruals and future taxable income, interpretations and tax planning are considered. The Foundation believes their estimates are appropriate based on current facts and circumstances.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Foundation continuously assists with the building of churches worldwide in furtherance of its tax-exempt purpose. It agrees to provide funding of foreign ministry through the various phases of development of related church buildings and foundational improvements. As of December 31, 2021 and 2020, the Foundation estimated commitments of approximately \$7,149,978 and \$7,221,619, respectively, of which it can demonstrate appropriate funding based on its current cash and investment position.

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NOTE 10 – COMMITMENTS AND CONTINGENCIES (continued)

The Foundation has acquired equipment under the provisions of long-term leases. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized and included in equipment on the statement of financial position. The leased equipment under capital leases as of December 31, 2021 have a total cost of \$43,562. Amortization of the leased equipment is included in depreciation expense. The balance of the capital lease payments at December 31, 2021 and 2020 are \$1,222 and \$2,869, respectively. Future minimum capital lease payments as of December 31, 2021 are as follows:

2022	\$ <u>1,222</u>
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NOTE 11 – NON-CASH CONTRIBUTIONS

The Foundation's policy is to recognize in-kind goods when donated as revenue at fair value in the period such contributions are made. The Foundation received donations of items for sale or auction totaling \$79,065 and \$55,058 for the years ending December 31, 2021 and 2020, respectively. The Foundation also received donated materials for the International Church Growth program. Those donations totaled \$9,432,336 and \$7,503,954 for the years ending December 31, 2021 and 2020, respectively. Such amounts have been recorded as contributions and expenses in the accompanying financial statements.

The Foundation receives donations of securities directly from donors. Those donations totaled \$706,565 and \$363,322 for the years ending December 31, 2021 and 2020, respectively.

Several volunteers have made significant contributions of their time in furtherance of The Foundation's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

NOTE 12 – RETIREMENT PLAN

Certain employees of the Foundation participate in a deferred compensation retirement plan. The Foundation's contributions are equal to 3% of the annual salaries of participating employees. During the years ended December 31, 2021 and 2020, the Foundation's contribution to the Plan totaled \$76,943 and \$53,976, respectively.

NOTE 13 – CASH SURRENDER VALUE OF LIFE INSURANCE

The Foundation received a donated life insurance contract on the life of a certain individual in 2019. The cash surrender value will be accrued as the policy builds value.

NOTE 14 – PAYROLL PROTECTION PROGRAM LOAN

During April 2021, the Foundation applied for and received full forgiveness for its loan under the Payroll Protection Program through Towne Bank in the amount of \$660,200. This amount has been included in other income on the statement of activities.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 5, 2022, the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

The COVID-19 outbreak in the United States has caused significant economic changes and disruptions. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on donors, employees, and church building partners all of which are uncertain and cannot be predicted. While nothing has impacted the Foundation's financial statements as of the date of this report, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.