

FAMILY LIFE MINISTRIES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

FAMILY LIFE MINISTRIES, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Life Ministries, Inc.
Bath, New York

We have audited the accompanying financial statements of Family Life Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Life Ministries, Inc. as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited the Family Life Ministries, Inc. 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Corning, New York
November 19, 2021

FAMILY LIFE MINISTRIES, INC.
Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,143,958	\$ 1,104,973
Accounts receivable - net	27,959	44,467
Prepaid expenses	241,383	213,620
Investments	204,422	15,560
Note receivable - current portion	<u>-</u>	<u>9,603</u>
Total current assets	1,617,722	1,388,223
Note Receivable - Net of Current Portion	-	12,279
Property and Equipment - Net	7,222,757	5,920,513
Other Assets	<u>7,071,254</u>	<u>6,261,060</u>
Total Assets	<u>\$ 15,911,733</u>	<u>\$ 13,582,075</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 64,855	\$ 42,706
Accrued expenses	10,673	124,556
Deferred revenue	70,475	117,770
Paycheck protection program loan payable	-	673,730
Notes payable - current portion	<u>366,710</u>	<u>239,255</u>
Total current liabilities	512,713	1,198,017
Notes Payable - Net of Current Portion	<u>480,115</u>	<u>745,868</u>
Total Liabilities	<u>992,828</u>	<u>1,943,885</u>
Net Assets		
Net assets without donor restriction	14,585,559	11,638,190
Net assets with donor restriction	<u>333,346</u>	<u>-</u>
Total net assets	<u>14,918,905</u>	<u>11,638,190</u>
Total Liabilities and Net Assets	<u>\$ 15,911,733</u>	<u>\$ 13,582,075</u>

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

FAMILY LIFE MINISTRIES, INC.
Statement of Activities
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2021</u>	<u>Total 2020</u>
Public Support and Revenue				
Public Support				
Christian programming	\$ 5,411,950	\$ -	\$ 5,411,950	\$ 4,960,614
Capital campaign	-	2,171,436	2,171,436	1,339,678
Ministry activities	38,591	-	38,591	66,363
Total public support	<u>5,450,541</u>	<u>2,171,436</u>	<u>7,621,977</u>	<u>6,366,655</u>
Revenue				
Christian programming sponsor	778,626	-	778,626	1,065,165
Forgiveness of PPP loan	673,730	-	673,730	-
Interest earned	3,292	-	3,292	3,504
Rental income	21,723	-	21,723	13,554
Ministry activity fee	102,309	-	102,309	83,136
Unrealized and realized gain on investments	13,270	-	13,270	(3,564)
Gain on sale of assets	130,273	25,468	155,741	8,701
Total revenue	<u>1,723,223</u>	<u>25,468</u>	<u>1,748,691</u>	<u>1,170,496</u>
Net assets released from restrictions	<u>1,863,558</u>	<u>(1,863,558)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>9,037,322</u>	<u>333,346</u>	<u>9,370,668</u>	<u>7,537,151</u>
Expenses				
Program services				
Christian radio programming	3,512,759	-	3,512,759	3,493,202
Christian family activities	1,317,807	-	1,317,807	1,309,221
Supporting services				
Management and general	895,619	-	895,619	799,003
Fundraising	363,768	-	363,768	351,899
Total expenses	<u>6,089,953</u>	<u>-</u>	<u>6,089,953</u>	<u>5,953,325</u>
Change in Net Assets	2,947,369	333,346	3,280,715	1,583,826
Net Assets - Beginning	<u>11,638,190</u>	<u>-</u>	<u>11,638,190</u>	<u>10,054,364</u>
Net Assets - Ending	<u>\$ 14,585,559</u>	<u>\$ 333,346</u>	<u>\$ 14,918,905</u>	<u>\$ 11,638,190</u>

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

FAMILY LIFE MINISTRIES, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>					
	<u>Christian Radio Programming</u>	<u>Christian Family Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Support Services</u>	<u>Total 2021</u>	<u>Total 2020</u>	
Salaries	\$ 1,705,708	\$ 568,569	\$ 2,274,277	\$ 426,427	\$ 142,142	\$ 568,569	\$ 2,842,846	\$ 2,642,143	
Travel allowance	29,897	9,966	39,863	7,474	2,491	9,965	49,828	46,815	
Life/health insurance	293,750	97,917	391,667	73,438	24,479	97,917	489,584	466,825	
Employer's insurance	24,583	8,194	32,777	6,146	2,049	8,195	40,972	39,351	
Pension	28,677	9,559	38,236	7,169	2,390	9,559	47,795	39,825	
Payroll taxes	132,534	44,178	176,712	33,133	11,044	44,177	220,889	204,401	
Total salaries and related expenses	2,215,149	738,383	2,953,532	553,787	184,595	738,382	3,691,914	3,439,360	
Activities and program expense	265,875	113,946	379,821	-	-	-	379,821	601,086	
Professional fees	-	-	-	286,146	31,794	317,940	317,940	254,411	
Office expense	124,859	62,429	187,288	16,648	4,162	20,810	208,098	202,869	
Occupancy	56,874	184,841	241,715	28,437	14,219	42,656	284,371	256,636	
Radio tower site expense	426,330	-	426,330	-	-	-	426,330	428,095	
Vehicle expense	9,329	19,081	28,410	10,601	3,392	13,993	42,403	48,938	
Printing and publications	16,149	5,872	22,021	-	7,341	7,341	29,362	18,495	
Miscellaneous	37,937	13,795	51,732	-	17,244	17,244	68,976	70,759	
Interest	14,902	-	14,902	-	-	-	14,902	19,738	
Fundraising	-	-	-	-	13,632	13,632	13,632	26,673	
Bad debt expense	6,202	-	6,202	-	-	-	6,202	1,213	
Dues and licenses	18,726	4,682	23,408	-	-	-	23,408	20,395	
Total expenses before depreciation	3,192,332	1,143,029	4,335,361	895,619	276,379	1,171,998	5,507,359	5,388,668	
Depreciation	320,427	174,778	495,205	-	87,389	87,389	582,594	564,657	
Total expense	\$ 3,512,759	\$ 1,317,807	\$ 4,830,566	\$ 895,619	\$ 363,768	\$ 1,259,387	\$ 6,089,953	\$ 5,953,325	

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

FAMILY LIFE MINISTRIES, INC.
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,280,715	\$ 1,583,826
Adjustments		
Depreciation	582,594	564,657
Gain on sale of assets	(127,081)	(8,701)
Unrealized and realized gain on investments	(29,655)	3,564
Donated investments	(218,074)	(32,873)
Accrued interest on notes payable	15,954	17,160
Forgiveness of PPP loan	(673,730)	-
Changes in assets and liabilities		
Accounts receivable	16,508	13,639
Prepaid expenses	(27,763)	19,356
Accounts payable	22,149	18,152
Accrued expenses	(113,883)	63,018
Deferred revenue	(47,295)	32,877
Net cash flows from operating activities	<u>2,680,439</u>	<u>2,274,675</u>
Cash Flows from Investing Activities		
Purchase of intangibles	(809,000)	-
Purchase of property and equipment	(2,108,672)	(1,663,353)
Proceeds from sale of property and equipment	259,995	10,642
Proceeds from sale of intangibles	111,608	11,348
Proceeds from sale of investments	58,867	13,749
Principal payments received on notes receivable	-	8,391
Net cash flows from investing activities	<u>(2,487,202)</u>	<u>(1,619,223)</u>
Cash Flows from Financing Activities		
Proceeds from notes payable	-	41,151
Proceeds from paycheck protection program loan payable	-	673,730
Repayment of notes payable	(154,252)	(685,432)
Net cash flows from financing activities	<u>(154,252)</u>	<u>29,449</u>
Net Change in Cash and Cash Equivalents	38,985	684,901
Cash and Cash Equivalents - Beginning	<u>1,104,973</u>	<u>420,072</u>
Cash and Cash Equivalents - Ending	<u>\$ 1,143,958</u>	<u>\$ 1,104,973</u>

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

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of Organization

Nature of Organization - Family Life Ministries, Inc. (the "Organization") is a not-for-profit organization providing direct services for Christian youth and families and operates Christian radio stations serving New York and Pennsylvania, as well as world-wide via the Internet.

Method of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Estimates - 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation - The Organization reports information regarding its net assets and changes therein in the following categories: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization or are required to be held in perpetuity. Currently the Organization only has net \$333,346 of net assets with donor restrictions.

Liquidity - The Organization has \$1,376,339 of financial assets available within one year of the statement of financial position date consisting of \$1,143,958 of cash, \$204,422 of investments, and \$27,959 of accounts receivable. \$333,346 of these financial assets are subject to donor or contractual restrictions that would make them unavailable for general expenditures within one year of the statement of financial position date.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable are uncollateralized obligations due under normal trade terms. Accounts receivable are stated at the amount management expects to collect. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to receivables. Management estimates its allowance for doubtful accounts and bad debts based on their assessment of collectibility of receivables and prior experience. The balance of the allowance for doubtful accounts was \$225 at June 30, 2021 and June 30, 2020.

Note Receivable - Note receivable represents obligations due to the Organization. As of June 30, 2021 there was no balance due on the note receivable and as of June 30, 2020, the balance due on the note receivable was \$21,882.

	<u>2021</u>	<u>2020</u>
Mortgage note receivable from a third party bearing interest at 4%, secured by real property with interest and principal payments received monthly, maturing 2022. Note was forgiven in full in 2021.	\$ -	\$ 21,882

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

Property and Equipment - All equipment, furniture and fixtures are stated at cost, if purchased, and at fair value, if donated. Routine maintenance and repair costs are charged to operations as they are incurred. Expenditures over \$1,000, which extend the useful life of an asset, are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operations. Construction in progress is not depreciated until placed in service. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	5 - 40 Years
Machinery and equipment	3 - 15 Years
Vehicles	5 Years

Goodwill - Goodwill represents the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. The Organization accounts for its goodwill in accordance with ASC 350-20, which requires the Organization to test goodwill for impairment annually or whenever events change or circumstances indicate that the carrying value of the asset may not be recoverable. Management determined that the value of the goodwill is not impaired at June 30, 2021 and June 30, 2020.

Broadcasting Rights - The Organization obtains broadcasting rights for radio broadcasts to listeners in various locations. The Organization accounts for its broadcasting rights in accordance with ASC 350-30, which requires the Organization to test other assets for impairment annually or whenever events change or circumstances indicate that the carrying value of the asset may not be recoverable. Management determined that the value of the broadcasting rights are not impaired at June 30, 2021 and June 30, 2020.

Contributions - In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made". ASU 2018-08 provides clarification for determining if grants and contracts should be considered contributions or exchange transactions, as well as guidance for determining if a contribution is conditional. This guidance was effective for fiscal years beginning after December 15, 2018. These financial statements and notes reflect adoption of this new standard.

Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of the donor conditions. 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 statement of activities as net assets released from restrictions. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Revenue Recognition - On July 1, 2020, the Organization adopted ASU 2014-09, "Revenue from Contracts with Customers", which provides guidance for revenue recognition that superseded the revenue recognition requirements in Accounting Standards Codification (ASC) Topic 605, Revenue Recognition ("Topic 605") and most industry specific guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for these goods or services. The Organization has analyzed the provisions of the ASU 2014-09 and has concluded that no changes are necessary to conform with the new standard. The Organization utilizes a five-step framework as identified in ASU 2014-09. The Organization derives its contract revenues from programming sponsors and ministry activity fees as earned.

The Organization adopted ASU 2014-09 under the modified retrospective approach, applying the amendments to prospective reporting periods. Results for reporting periods beginning after July 1, 2020 are presented under ASU 2014-09.

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

Functional Expenses - Expenses are charged to each program, management and general or fundraising based on direct expenditures incurred. Any program expenditures not directly charged are allocated based on estimates of resource application and usage.

Income Taxes - Family Life Ministries, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income.

In accordance with ASC 740-10-50 the Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Organization is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on the Organization's financial statements.

Comparative Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Subsequent Events - In accordance with ASC 855-10, the Organization evaluated subsequent events through the date of the report which is the date these financial statements were available to be issued.

Note 2. Investments

The Organization has determined fair value of investments by classifying assets into one of three levels. The three levels of inputs that were used to measure fair value were:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following is a description of the valuation and methodologies used for assets measured at fair value:

Common stocks - valued at the closing price reported in the active market in which the investment is actively traded at year-end (Level 1).

Investments consisted of the following at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks:				
Technology	\$ 147,027	\$ -	\$ -	\$ 147,027
Consumer services	47,620	-	-	47,620
Consumer non-durables	9,775	-	-	9,775
Total	<u>\$ 204,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,422</u>

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

Investments consisted of the following at June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks:				
Financial services	\$ 15,560	\$ -	\$ -	\$ 15,560
Total	<u>\$ 15,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,560</u>

Note 3. Fixed Assets

Fixed assets consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,017,754	\$ 1,219,575
Buildings	2,926,389	2,921,547
Machinery and equipment	5,101,376	4,296,422
Vehicles	238,631	237,442
Construction in progress	<u>3,191,679</u>	<u>1,949,562</u>
Sub-total	12,475,829	10,624,548
Less, accumulated depreciation	<u>(5,253,072)</u>	<u>(4,704,035)</u>
Property and equipment - net	<u>\$ 7,222,757</u>	<u>\$ 5,920,513</u>

Note 4. Other Assets

A summary of other assets consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Broadcasting rights	\$ 6,982,347	\$ 6,172,153
Goodwill	<u>88,907</u>	<u>88,907</u>
Total	<u>\$ 7,071,254</u>	<u>\$ 6,261,060</u>

Note 5. Employee Retention Credit

During the year ended June 30, 2021, the Organization qualified to receive a refundable tax credit of \$673,476 for the Employee Retention Credit under the CARES Act. The calculation used to determine the refundable tax credit was based on financial activity as of June 30, 2021. The activity has not been accounted for in the accompanying financial statements because laws and regulations concerning governmental programs can be complex and subject to varying interpretations.

Note 6. Notes Payable

Notes payable consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Note paid in full.	\$ -	\$ 25,000

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

Note payable from an individual, unsecured, interest originally was 3.0%, but changed to 0%. Originally interest accrued twice a year and was added back to note balance, but when interest was changed all previously accrued interest was forgiven. Payment is due within ninety days of written notice. Original note was \$10,000.	10,000	10,000
Note payable from an individual, unsecured, interest at 1.81%, due on December 12, 2027. Original note was \$500,000.	353,167	403,620
Note payable from an individual, unsecured, interest at 1.81%, due on October 31, 2024. Original note was \$400,000	187,423	232,229
Note payable from an individual, unsecured, interest at 3.0%. Note is payable within ninety days of written notice. Interest accrues twice a year. Original note was \$10,000.	10,150	10,150
Note payable from an individual, unsecured, interest originally at 3.0% but changed to 0%. Interest was forgiven in 2019. Principal was originally due June 3, 2019 and is now due June 3, 2024. Original note was \$10,000.	10,000	10,000
Note payable from an individual, unsecured, interest originally at 3.0%, but changed to 0%. Interest was forgiven in 2019. Principal was originally due February 1, 2020 and is now due February 1, 2025. Original note was \$20,000.	20,000	20,000
Note payable from an individual, unsecured, interest at 0%, due on May 8, 2022.	10,000	10,000
Note payable from an individual, unsecured, interest at 0%, due on May 17, 2022.	40,000	40,000
Note payable from an individual, unsecured, interest at 0%, due on May 23, 2022.	10,000	10,000
Note payable from an individual, unsecured, interest at 2.0%. Interest accrues annually and is added back to the note balance. Principal and accrued interest is due August 24, 2021. Original note was \$10,000.	12,157	11,918
Note payable from an individual, unsecured, interest at 2.0%. Interest accrues annually and is added back to the note balance. Principal and accrued interest is due March 16, 2022. Original note was \$25,000.	30,054	29,464
Note payable from an organization, unsecured, interest at 2.0%. Interest accrues annually and is added back to the note balance. Principal and accrued interest is due June 15, 2022. Original note was \$50,000.	59,809	58,637

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

Note payable from an individual, unsecured, interest at 0%, due on October 11, 2022.	10,000	10,000
Note paid in full.	-	10,853
Note paid in full.	-	10,836
Note payable from an individual, unsecured, interest at 2.0%. Interest accrues annually and is added back to the note balance. Principal and accrued interest is due April 10, 2022. Original note was \$10,000.	10,873	10,660
Note payable from an individual, unsecured, interest at 2.0%. Interest accrues annually and is added back to the note balance. Principal and accrued interest is due October 16, 2020. Original note was \$68,000.		
Total	<u>73,192</u>	<u>71,756</u>
Less, current portion	846,825	985,123
Long-term portion	<u>(366,710)</u>	<u>(239,255)</u>
	<u>\$ 480,115</u>	<u>\$ 745,868</u>

As a majority of the Organization's notes payable are due shortly after demand, that portion of the note is considered potentially currently due or payable within one year.

Notes payable are payable in each of the next five years as follows:

2022	\$ 366,710
2023	105,889
2024	106,720
2025	117,506
2026	50,000
Thereafter	<u>100,000</u>
Total	<u>\$ 846,825</u>

Note 7. Paycheck Protection Program Loan Payable

In April 2020, the Organization received a loan under the Payroll Protection Program that was designed by the United States Small Business Administration ("SBA") to provide direct incentive for small businesses to keep their employees on payroll due to COVID-19. As of November 2020, the Organization received full forgiveness of the loan of \$673,730 and recognized the income from the loan as "Forgiveness of PPP loan" on the statement of activities as of June 30, 2021.

Note 8. Supplemental Cash Flow Information

	<u>2021</u>	<u>2020</u>
Interest paid	\$ <u>14,902</u>	\$ <u>19,738</u>
Noncash partial acquisition of intangible for forgiveness on note receivable	\$ <u>21,882</u>	\$ <u>-</u>

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

Note 9. Retirement Plan

Family Life Ministries, Inc., has established a 403(b) retirement plan covering all employees of the Organization over 18 years of age that have completed six months of service. The plan allows for employee contributions to the plan up to the maximum allowed by the Internal Revenue Code. The Organization contributes a matching contribution of one dollar for every dollar of a participant's elective deferral up to two percent of each employee's annual salary. The Organization contributed \$47,795 and \$39,824 in the years ended June 30, 2021 and 2020, respectively.

Note 10. Related Party Transactions

The Organization contracted with a Corporation (the "Corporation") for excavation services for the construction of the new facility. A member of the Organization's board of directors is also part owner of the Corporation. Contract expenses paid for the years ended June 30, 2021 and 2020 amounted to \$585,628 and \$468,500 respectively, and are included in construction in process on the statement of financial position. No amounts were due to the Corporation from the Organization at June 30, 2021 and 2020.

The Organization contracted with a Firm (the "Firm") for architecture services for the construction and renovation of the new facility. A former member of the Organization's board of directors was formerly a part owner of the Firm. Contract expenses paid for the years ended June 30, 2021 and 2020 amounted to \$157,763 and \$767,682 respectively, and are included in construction in process on the statement of financial position. Amounts due to the Firm from the Organization at June 30, 2021 was \$1,250 and there were no amounts due to the Firm at June 30, 2020.

Note 11. Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Organization and its future results and financial position is not presently determinable.