

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

FINANCIAL STATEMENTS

**Twelve months ended December 31, 2020
and fourteen months ended December 31, 2019**

with

Independent Auditor's Report



AFRICA NEW LIFE MINISTRIES INTERNATIONAL
(an Oregon not-for-profit corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Africa New Life Ministries International
Portland, Oregon

We have audited the accompanying financial statements of Africa New Life Ministries International (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the twelve and fourteen-month periods 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.

Auditor's Responsibility

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

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

We believe 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 Africa New Life Ministries International as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the twelve and fourteen-month periods then ended in accordance with accounting principles generally accepted in the United States of America.

Beaverton, Oregon
May 10, 2021

Bashar & Johnson, P.C.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current assets		
Cash (Note 2)	\$ 3,681,149	\$ 2,204,635
Investments (Notes 3 and 4)	1,139,798	1,187,966
Receivables (Note 5)	104,094	27,312
Prepaid expenses (Note 6)	<u>53,841</u>	<u>230,197</u>
Total current assets	4,978,882	3,650,110
Property & equipment		
Office furniture and equipment	67,561	61,506
Leasehold improvements	<u>18,362</u>	<u>18,362</u>
	85,923	79,868
Less accumulated depreciation	<u>(60,373)</u>	<u>(52,971)</u>
	25,550	26,897
Intangible assets, net (Note 7)	<u>251,169</u>	<u>297,958</u>
Total assets	<u>\$ 5,255,601</u>	<u>\$ 3,974,965</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
PPP note payable (Note 13)	\$ 271,707	\$ -
Accounts payable	33,127	77,353
Accounts payable - Rwanda Mission	1,495,145	879,591
Accrued payroll liabilities	121,696	117,076
Deferred revenue	77,060	2,060
Other accrued expenses	<u>22,004</u>	<u>17,774</u>
Total current liabilities	<u>2,020,739</u>	<u>1,093,854</u>
Commitments and contingencies (Notes 8 and 11)	-	-
Net assets		
Without donor restrictions (Note 9)	700,561	566,245
With donor restrictions (Note 10)	<u>2,534,301</u>	<u>2,314,866</u>
Total net assets	<u>3,234,862</u>	<u>2,881,111</u>
Total liabilities and net assets	<u>\$ 5,255,601</u>	<u>\$ 3,974,965</u>

The accompanying notes are an integral part
of the financial statements

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENT OF ACTIVITIES
Twelve months ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Twelve months ended December 31, 2020</u>
Support and revenue			
Contributions	\$ 11,074,005	\$ 490,567	\$ 11,564,572
Contributions - Action International			
Ministries - Canada	4,801		4,801
In-kind contributions (Note 12)	49,048	-	49,048
Investment income (Note 3)	<u>9,302</u>	<u>-</u>	<u>9,302</u>
 Total revenue	 11,137,156	 490,567	 11,627,723
 Net assets released from restrictions	 <u>271,132</u>	 <u>(271,132)</u>	 <u>-</u>
 Total revenue and other support	 <u>11,408,288</u>	 <u>219,435</u>	 <u>11,627,723</u>
 Expenses			
Program services:			
Ministry program expense - Rwanda	8,095,721	-	8,095,721
Short-term missions	670,526	-	670,526
Program and sponsorship management	739,122	-	739,122
Management and general	486,876	-	486,876
Fundraising	<u>1,281,727</u>	<u>-</u>	<u>1,281,727</u>
 Total expenses	 <u>11,273,972</u>	 <u>-</u>	 <u>11,273,972</u>
 Change in net assets	 134,316	 219,435	 353,751
 Net assets, beginning of period	 <u>566,245</u>	 <u>2,314,866</u>	 <u>2,881,111</u>
 Net assets, end of period	 <u>\$ 700,561</u>	 <u>\$ 2,534,301</u>	 <u>\$ 3,234,862</u>

The accompanying notes are an integral part
of the financial statements

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENT OF ACTIVITIES
Fourteen months ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Fourteen months ended December 31, 2019</u>
Support and revenue			
Contributions	\$ 13,195,241	\$ 344,322	\$ 13,539,563
In-kind contributions (Note 12)	85,536	-	85,536
Investment income (Note 3)	<u>66,469</u>	<u>-</u>	<u>66,469</u>
Total revenue	13,347,246	344,322	13,691,568
Net assets released from restrictions	<u>534,082</u>	<u>(534,082)</u>	<u>-</u>
Total revenue and other support	<u>13,881,328</u>	<u>(189,760)</u>	<u>13,691,568</u>
Expenses			
Program services:			
Ministry program expense - Rwanda	9,005,883	-	9,005,883
Short-term missions	1,692,014	-	1,692,014
Program and sponsorship management	873,520	-	873,520
Management and general	446,380	-	446,380
Fundraising	<u>1,525,258</u>	<u>-</u>	<u>1,525,258</u>
Total expenses	<u>13,543,055</u>	<u>-</u>	<u>13,543,055</u>
Change in net assets	338,273	(189,760)	148,513
Net assets, beginning of period	<u>227,972</u>	<u>2,504,626</u>	<u>2,732,598</u>
Net assets, end of period	<u>\$ 566,245</u>	<u>\$ 2,314,866</u>	<u>\$ 2,881,111</u>

The accompanying notes are an integral part
of the financial statements

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
Twelve months ended December 31, 2020

	Ministry Program Expense Rwanda	Short- term Missions	Program and Sponsorship Management	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ -	\$ 132,733	\$ 448,799	\$ 581,532	\$ 250,256	\$ 590,341	\$ 1,422,129
Payroll taxes and benefits	-	18,769	77,843	96,612	97,343	134,768	328,723
Contract labor	-	-	-	-	-	-	-
Africa College of Theology	550,054	-	-	550,054	-	-	550,054
Bank and other fees	-	26,904	72,731	99,635	64,579	72,200	236,414
Building Projects	18,034	-	-	18,034	-	-	18,034
Child Sponsorship	5,117,160	-	-	5,117,160	-	-	5,117,160
Child Sponsorship -							
Action International Ministries - Canada	4,801	-	-	4,801	-	-	4,801
Children's Residence	84,104	-	-	84,104	-	-	84,104
Depreciation and amortization	38,019	1,712	3,315	43,046	7,854	3,291	54,191
Dream Center Medical Clinic	69,774	-	-	69,774	-	-	69,774
Esther Home	174,250	-	-	174,250	-	-	174,250
Food and Care	668,601	-	-	668,601	-	-	668,601
Fundraising expenses	-	-	-	-	-	140,560	140,560
Insurance	-	2,481	6,707	9,188	82	7,803	17,073
Website and software	-	11,717	30,071	41,788	9,647	38,447	89,882
Marketing	-	-	-	-	-	76,732	76,732
Meals and entertainment	-	577	417	994	306	2,195	3,495
Office expense	-	1,786	5,412	7,198	1,306	10,495	18,999
Postage	-	84	6,594	6,678	3,336	10,917	20,931
Post-Secondary Students	879,590	-	-	879,590	-	-	879,590
Professional services	-	18,652	38,291	56,943	12,306	63,730	132,979
Promotional materials	-	972	2,868	3,840	6,439	50,608	60,887
Rent	-	7,567	20,456	28,023	18,327	20,306	66,656
Short-term missions	-	258,476	5,371	263,847	-	-	263,847
Telephone and internet	-	3,869	13,083	16,952	3,426	20,494	40,872
Transportation and travel	-	184,054	1,659	185,713	2,959	21,220	209,892
Other administration expenses	-	-	-	-	5,500	12,820	18,320
Other program expenses	491,334	173	5,505	497,012	3,210	4,800	505,022
	<u>\$ 8,095,721</u>	<u>\$ 670,526</u>	<u>\$ 739,122</u>	<u>\$ 9,505,369</u>	<u>\$ 486,876</u>	<u>\$ 1,281,727</u>	<u>\$ 11,273,972</u>

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

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
Fourteen months ended December 31, 2019

	Ministry Program Expense Rwanda	Short- term Missions	Program and Sponsorship Management	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ -	\$ 136,860	\$ 481,875	\$ 618,735	\$ 286,130	\$ 585,022	\$ 1,489,887
Payroll taxes and benefits	-	35,235	106,273	141,508	46,330	117,165	305,003
Contract labor	-	-	-	-	-	-	-
Africa College of Theology	831,282	-	-	831,282	-	-	831,282
Bank and other fees	-	27,122	82,624	109,746	26,665	96,011	232,422
Building Projects	5,848	-	-	5,848	-	-	5,848
Child Sponsorship	5,636,356	-	-	5,636,356	-	-	5,636,356
Children's Residence	114,438	-	-	114,438	-	-	114,438
Depreciation and amortization	43,344	7,475	3,782	54,601	1,221	5,891	61,713
Dream Center Medical Clinic	386,757	-	-	386,757	-	-	386,757
Esther Home	213,750	-	-	213,750	-	-	213,750
Food and Care	487,105	-	-	487,105	-	-	487,105
Fundraising expenses	-	-	-	-	-	222,095	222,095
Insurance	-	2,607	7,253	9,860	2,332	8,720	20,912
Website and software	-	10,555	31,443	41,998	10,148	38,573	90,719
Marketing	-	-	28,000	28,000	-	37,011	65,011
Meals and entertainment	-	638	1,087	1,725	1,756	9,537	13,018
Office expense	-	2,988	10,546	13,534	843	13,517	27,894
Postage	-	966	16,399	17,365	496	14,996	32,857
Post-Secondary Students	729,147	-	-	729,147	-	-	729,147
Professional services	-	9,129	30,031	39,160	27,754	127,456	194,370
Promotional materials	-	1,634	17,017	18,651	1,906	57,454	78,011
Rent	-	8,181	24,922	33,103	8,043	24,455	65,601
Short-term missions	-	828,426	791	829,217	-	-	829,217
Telephone and internet	-	2,683	12,407	15,090	2,637	13,842	31,569
Transportation and travel	-	617,358	16,221	633,579	20,001	133,373	786,953
Other administration expenses	-	-	-	-	9,517	9,102	18,619
Other program expenses	557,856	157	2,849	560,862	601	11,038	572,501
	<u>\$ 9,005,883</u>	<u>\$ 1,692,014</u>	<u>\$ 873,520</u>	<u>\$ 11,571,417</u>	<u>\$ 446,380</u>	<u>\$ 1,525,258</u>	<u>\$ 13,543,055</u>

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

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENTS OF CASH FLOWS

Twelve months ended December 31, 2020 and Fourteen months ended December 31, 2019

(See Independent Accountant's Review Report)

	Twelve months ended December 31, <u>2020</u>	Fourteen months ended December 31, <u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donors, grantors and customers	\$ 11,567,591	\$ 14,127,486
Cash paid to employees, suppliers and program recipients	(10,414,199)	(12,563,619)
Investment income	<u>38,925</u>	<u>54,828</u>
Net cash provided (used) by operating activities	<u>1,192,317</u>	<u>1,618,695</u>
CASH FLOWS FROM INVESTING ACTIVITIES (Note 11):		
Proceeds from sale of investments	106,184	165,799
Purchase of investments	-	(154,862)
Donation of investments	(87,639)	(116,863)
Proceeds from sale of intangible assets	-	10,000
Increase in property and equipment and intangible assets	<u>(6,055)</u>	<u>(24,082)</u>
Net cash provided (used) by investing activities	<u>12,490</u>	<u>(120,008)</u>
CASH FLOWS FROM FINANCING ACTIVITIES (Note 13):		
Proceeds from PPP note payable	<u>271,707</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>271,707</u>	<u>-</u>
Increase in cash	1,476,514	1,498,687
Cash and cash equivalents, beginning of year	<u>2,204,635</u>	<u>705,948</u>
Cash and cash equivalents, end of year	<u>\$ 3,681,149</u>	<u>\$ 2,204,635</u>

The accompanying notes are an integral part
of the financial statements

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

STATEMENTS OF CASH FLOWS, Continued

Twelve months ended December 31, 2020 and Fourteen months ended December 31, 2019
(See Independent Accountant's Review Report)

	Twelve Months Ended December 31, <u>2020</u>	Fourteen Months Ended December 31, <u>2019</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	\$ 353,751	\$ 148,513
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	7,402	8,419
Amortization expense	46,789	53,294
(Gain) loss on investments	29,623	(11,641)
Changes in assets and liabilities:		
(Increase) decrease in contributions and grants receivable	(82,386)	587,923
(Increase) decrease in other receivables	5,604	(7,629)
(Increase) decrease in prepaid expenses	176,356	(95,828)
Increase (decrease) in accounts payable	571,328	908,996
Increase (decrease) in accrued payroll liabilities	4,620	25,341
Increase (decrease) in deferred revenue	75,000	-
Increase (decrease) in other accrued expenses	<u>4,230</u>	<u>1,307</u>
Net cash provided (used) by operating activities	\$ <u>1,192,317</u>	\$ <u>1,618,695</u>

The accompanying notes are an integral part
of the financial statements

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies:

Organization

Africa New Life Ministries International (the Organization) is a 501(c)(3) not-for-profit corporation incorporated under the laws of the State of Oregon. The Organization's purpose is to help orphaned and poor children in Rwanda, Africa by providing education, medical care, food and clothing. Such functions are carried out by establishing Christian schools, and leadership training centers.

The Organization partners with Africa New Life Ministries Rwanda (ANLMR) which is incorporated under the laws of Rwanda as a not-for-profit organization. The Organization raises funds through sponsorship and various events and sends those funds minus an administration fee to ANLMR. The funds are used by ANLMR to carry-out child sponsorship programs, women's training programs, building of facilities and paying staff to accomplish such programs. ANLMR owns land, buildings, and equipment that it has purchased from donations received from the Organization. These assets are owned independently of the Organization and therefore, are not reported in its financial statements. They are accounted for in ANLMR financial statements as required by the laws of Rwanda.

Fiscal Year Change

Effective the calendar year beginning January 1, 2020 the Organization changed from a fiscal year end of October 31 to December 31. A fourteen month fiscal transition period from November 1, 2018 to December 31, 2019, precedes the start of the new calendar-year cycle.

Accordingly, the accompanying financial statements include the statements of financial position as of December 31, 2020 and December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the twelve and fourteen-month periods then ended and the related notes to the financial statements.

The Organization changed its fiscal year end to December 31 to better align itself to the annual budgeting cycle, fall fundraising activities, and to conform to the reporting cycle of its international ministry and community development operations.

Basis of Accounting and Preparation of Financial Statements

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies, continued:

Basis of Accounting and Preparation of Financial Statements, continued:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor - (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributed Services

A substantial number of volunteers have made significant contributions of their time to provide various services to the Organization, such as developing business and operating plans, raising funds, and administrative functions. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 606, *Revenue from contracts with customers*) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in the United States of America generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Organization adopted ASC 606 with a date of initial application of January 1, 2020 using the modified retrospective method. The majority of the Organization's revenues come from contributions and investment income that are outside the scope of ASC 606. The adoption of ASC 606 did not have a material impact on the financial statements.

In-kind Contributions:

The Organization receives in-kind contributions, such as donated items in fund raising auctions, and nutritional food packages for use in its programs to help orphans and poor children in Rwanda, Africa. In-kind contributions revenue is recognized in circumstances in which the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution. Accordingly, the recognition of in-kind contributions revenue is limited to circumstances in which the Organization takes constructive possession of the in-kind contributions, and the Organization is the recipient of the gift, rather than an agent or intermediary (as defined by accounting standards). In-kind contributions received through donations are valued and recorded as revenue at their fair value at the time the contribution is received.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies, continued:

In-kind Contributions, continued:

In circumstances in which the Organization is functioning as an agent or intermediary with respect to the in-kind contributions, the Organization reports an asset and corresponding liability measured at the fair value at the earlier of the time the goods are promised or received from the resource provider, and until the Organization remits the in-kind contributions to the ultimate beneficiary.

In circumstances in which the Organization distributes in-kind contributions as part of its own programs, it reports an expense, which is reported in the functional classification for the program in which the in-kind contributions were used. It is the Organization's policy to distribute in-kind contributions as promptly as possible. Undistributed in-kind contributions at year-end are reported as inventory. Inventory is valued at the lower of cost or fair value (cost is determined at fair value at the date of gift plus any costs incurred). During 2020 and 2019, all in-kind contributions were used in the Organization's programs.

Contributions and Pledges

Contributions and pledges are reported as support and revenue as received. Such amounts are recorded as net assets with donor restrictions if they are received with donor stipulations that limit their use. When the restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, such assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with restrictions whose restrictions are met in the same reporting period are generally reported as net assets without donor restrictions.

The Organization reports gifts of equipment as net assets without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Investments

Investments in marketable securities with readily determined fair values and all investments in debt securities are carried at their fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies, continued:

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is computed using straight-line and accelerated methods over estimated useful lives of five to ten years. Maintenance, minor repairs and gains or losses from dispositions of assets are reflected in operations when incurred.

Intangible Assets

Intangible assets consist of web redesign, computer software internally developed and purchased, and trademarks. Capitalized software costs include costs associated with the development of computer software to be sold, leased or otherwise marketed. Software costs are capitalized only after the product's technological feasibility, as defined in FASB ASC Topic 985-20, has been established. Web design and other intangible assets are amortized over 5 years using the straight line method. Computer software costs are amortized over 10 years using the straight line method.

Intangible assets are reviewed for impairment and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Functional Allocation of Expenses

The costs of providing the services and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

The Organization considers all highly liquid investments having initial maturities of three months or less when purchased to be cash equivalents.

Federal Income Taxes

Africa New Life Ministries International is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law and, as such, is not subject to income taxes on net income from exempt activities. Africa New Life Ministries International's Federal returns of organization exempt from income tax are subject to examination by the Internal Revenue Service for the last three years. Donors of money and property are entitled to the maximum charity contribution deduction under the law.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies, continued

Reclassification

Certain reclassifications have been made to the December 31, 2019 financial statements to conform to the December 31, 2020 presentation.

Subsequent Events

Subsequent events have been evaluated through May 10, 2021, the date the financial statements were available to be issued.

New Accounting Pronouncements

On February 25, 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize a liability associated with obligations to make payments under the terms of the arrangement in addition to a right-of-use asset representing the lessee's right to use, or control the use of the given asset assumed under the lease. The standard will be effective for nonpublic companies for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating this new standard and the impact it will have on its financial statements.

2. Cash, Availability and Liquidity:

Cash consists of the following:

	<u>2020</u>	<u>2019</u>
Checking and money market accounts	<u>\$3,681,149</u>	<u>\$2,204,635</u>

The following is a summary of cash by net assets:

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions – cash	\$1,401,870	\$ 317,834
Net assets with donor restrictions - cash	<u>2,279,279</u>	<u>1,886,801</u>
	<u>\$3,681,149</u>	<u>\$2,204,635</u>

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020 and 2019

2. Cash, Availability and Liquidity, continued:

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year comprise of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash (overdraft)	\$ 1,401,870	\$ 317,834
Investments	500	56,120
Receivables	4,094	14,993
Prepaid expenses	<u>53,016</u>	<u>66,706</u>
	<u>\$ 1,459,480</u>	<u>\$ 455,653</u>

3. Investments:

Investments are stated at fair value and consist of deposit accounts, money market funds, equity funds, bond funds, and exchange traded funds (ETFs). Fair values are summarized as follows:

	<u>2020</u>	<u>2019</u>
<u>Without Donor Restrictions:</u>		
General investments	\$ <u>500</u>	\$ <u>56,120</u>
<u>With Donor Restrictions:</u>		
<u>Purpose Restrictions for:</u>		
Halo Ranch Scholarship	<u>\$1,139,298</u>	<u>\$1,131,846</u>
Totals	<u>\$1,139,798</u>	<u>\$1,187,966</u>

The aggregate fair value of investments by major types is as follows:

	<u>2020</u>	<u>2019</u>
Deposit accounts	\$ 169,638	\$ 186,268
Money Market Funds	225,000	225,000
Equity funds	279,844	299,332
Bond funds	145,072	145,760
ETFs	<u>320,244</u>	<u>331,606</u>
	<u>\$1,139,798</u>	<u>\$1,187,966</u>

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NOTES TO FINANCIAL STATEMENTS, Continued December 31, 2020 and 2019

3. Investments, continued:

Investment income consist of the following:

	Twelve Months Ended December 31, 2020	Fourteen Months Ended December 31, 2019
Interest and dividends	\$ 38,925	\$ 54,828
Net realized gain (loss)	1,904	(2,530)
Net unrealized gain (loss)	<u>(31,527)</u>	<u>14,171</u>
Total investment income	<u>\$ 9,302</u>	<u>\$ 66,469</u>

The board of directors is responsible for investment policy, objective and distributions. The Organization investment philosophy is built on the precepts of diversification, short and long-term strategic focus and prudent risk management. The board recognizes that sound investment practices and procedural prudence are the keys to fulfillment of their fiduciary responsibilities. Distributions by the Organization are guided by prudence, current economic conditions and by donor's intent.

4. Fair Value Measurement:

FASB ASC 820 establishes a framework for measuring fair value, clarifies the definition of fair value and expands disclosures about fair-value measurements. FASB ASC 820 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability. Fair value is a market-based measurement that should be determined using assumptions that market participants would use in pricing an asset or liability. FASB ASC 820 establishes a valuation hierarchy for disclosure of fair value measurements. The categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The categories within the valuation hierarchy are described below:

Level 1 – Financial instruments with quoted prices in active markets for identical assets or liabilities. The Organization's level 1 financial instruments consist of deposit accounts, money market funds, equity funds, bond funds and exchange traded funds (ETFs).

Level 2 – Financial instruments with quoted prices in active markets for similar assets or liabilities. Level 2 fair value measurements are determined using either prices for similar instruments or inputs that are either directly or indirectly observable, such as interest rate. The Organization does not have any financial assets or liabilities being measured at fair value that are classified as level 2 financial instruments.

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4. Fair Value Measurement, continued:

Level 3 – Inputs to the fair value measurements are unobservable inputs or valuation techniques. The Organization does not have any assets or liabilities being measured at fair market value that are classified as Level 3 financial instruments.

A summary of financial assets measured at fair value is as follows:

Assets	Total at December 31, 2020	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Deposit Accounts	\$ 169,638	\$ 169,638	\$ -	\$ -
Money Market funds	225,000	225,000	-	-
Equity Funds	279,844	279,844	-	-
Bond Funds	145,072	145,072	-	-
ETFs	<u>320,244</u>	<u>320,244</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 1,139,798</u>	<u>\$ 1,139,798</u>	<u>\$ -</u>	<u>\$ -</u>

Assets	Total at December 31, 2019	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Deposit Accounts	\$ 186,268	\$ 186,268	\$ -	\$ -
Money Market funds	225,000	225,000	-	-
Equity Funds	299,332	299,332	-	-
Bond Funds	145,760	145,760	-	-
ETFs	<u>331,606</u>	<u>331,606</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 1,187,966</u>	<u>\$ 1,187,966</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2020 and 2019

5. Receivables:

The following is a summary of contributions and grants receivable by net assets and other receivables:

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions:		
Accounts receivable	\$ 3,334	\$ 8,629
Receivable from employees	<u>760</u>	<u>6,364</u>
	4,094	14,993
Net assets with donor restrictions:		
Accounts receivable	<u>100,000</u>	<u>12,319</u>
	<u>\$ 104,094</u>	<u>\$ 27,312</u>

6. Prepaid Expenses:

Prepaid expenses consist of the following:

	<u>2020</u>	<u>2019</u>
Rent deposit and prepaid rent	\$ 8,000	\$ 7,800
Prepaid short-term mission travel	825	163,491
Other prepaid expenses	<u>45,016</u>	<u>58,906</u>
	<u>\$ 53,841</u>	<u>\$ 230,197</u>

The following is a summary of prepaid expenses by net assets:

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions	\$ 53,016	\$ 66,706
Net assets with donor restrictions	<u>825</u>	<u>163,491</u>
	<u>\$ 53,841</u>	<u>\$ 230,197</u>

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7. Intangible Assets:

Intangible assets consist of the following:

	<u>2020</u>	<u>2019</u>
Web redesign	\$ 14,304	\$ 14,304
Computer software	452,975	452,975
Trademarks	<u>1,750</u>	<u>1,750</u>
	469,029	469,029
Less accumulated amortization	<u>(217,860)</u>	<u>(171,071)</u>
	<u>\$ 251,169</u>	<u>\$ 297,958</u>

Amortization expense was \$46,789 and \$53,294 in 2020 and 2019, respectively.

8. Lease Commitments:

The Organization leases office space under a non-cancelable operating lease. The following is a schedule of future minimum rental payments under the lease as of December 31:

2021	\$ 55,480
2022	<u>14,100</u>
	<u>\$ 69,580</u>

Rent expense was \$53,200 for the twelve months ended December 31, 2020 and \$63,474 for the fourteen months ended December 31, 2019.

9. Net Assets Without Donor Restrictions:

Net assets without donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 423,842	\$ 241,390
Invested in property and equipment	25,550	26,897
Invested in intangible assets	<u>251,169</u>	<u>297,958</u>
	<u>\$ 700,561</u>	<u>\$ 566,245</u>

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10. Net Assets With Donor Restrictions:

Net assets with donor restrictions are available for the following purposes and programs:

	<u>2020</u>	<u>2019</u>
Africa College of Theology	\$ 233,540	\$ 159,749
Building projects	2,800	34
Child sponsorship	637,573	541,751
Dream Center Medical Clinic	2,815	6,510
Esther Home	24,739	121,690
Food and Care	132,604	18,453
Halo Ranch Scholarship	1,139,298	1,131,845
New Life Children's Residence	1,910	3,137
Short-term missions	-	49,525
Post-secondary students	190,749	156,190
Other projects	<u>168,273</u>	<u>125,982</u>
	<u>\$2,534,301</u>	<u>\$2,314,866</u>

11. Concentration of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and short-term investments. The Organization places its temporary cash investments with financial institutions with high credit standing and limits the amount of credit exposure, although it may from time to time have cash balances in excess of that insured by the FDIC. The Organization periodically assesses the financial institutions and believes the risk of loss is minimal.

At December 31, 2020 the amount of cash deposited at financial institutions exceeded the FDIC limits by \$3,124,000, and the amount in uninsured short-term investments totaled \$970,160.

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12. In-kind Contributions:

The Organization reported the following in-kind contribution amounts in the accompanying financial statements:

	Twelve Months Ended December 31, <u>2020</u>	Fourteen Months Ended December 31, <u>2019</u>
Revenue:		
In-kind contributions	\$ <u>49,048</u>	\$ <u>85,536</u>
Expenses:		
Program service:		
Ministry program expense-Rwanda	\$ 43,500	\$ 85,536
Management and general	<u>5,548</u>	<u>-</u>
	\$ <u>49,048</u>	\$ <u>85,536</u>
<u>Description:</u>		
Nutritional food packaging (approximately 285,000 meals)	\$ -	\$ 85,536
Donated items for fund raising event	43,500	-
Donated professional services	<u>5,548</u>	<u>-</u>
	\$ <u>49,048</u>	\$ <u>85,536</u>

During 2020 and 2019, the Organization did not receive any in-kind contributions which qualified as intermediary or agency transactions. At December 31, 2020 and 2019, the Organization did not have undistributed in-kind inventory.

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13. PPP Note Payable – Paycheck Protection Program

The Organization borrowed \$271,707 from a bank, under the Paycheck Protection Program (the “PPP”), the Coronavirus Aid, Relief, and Economic Security Act (the “CARES” Act). Under the terms of the PPP, certain amounts of the PPP loan may be forgiven if used for qualifying expenses. The Organization used the entire loan amount for qualifying expenses. The Organization accounted for the loan as debt in accordance with FASB ASC 470 and FASB ASC-835-30. Qualifying expenses under the PPP loan agreement are deducted when incurred.

The Organization will reduce the note payable by the amount forgiven and record a gain on extinguishment of debt when the loans are partly or wholly forgiven and legal release is received.