

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

FINANCIAL STATEMENTS

Years ended December 31, 2022 and 2021

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

Opinion

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, 2022 and December 31, 2021, and the related statements of activities 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 Africa New Life Ministries International as of December 31, 2022 and December 31, 2021, 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 Africa New Life Ministries International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Africa New Life Ministries International'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 Africa New Life Ministries International'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 Africa New Life Ministries International'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.

Bashar E. Johnson, P.C.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets		
Cash (Note 2)	\$ 2,474,234	\$ 4,756,512
Investments (Notes 3 and 4)	1,215,553	1,283,341
Receivables (Note 5)	56,058	5,937
Prepaid expenses (Note 6)	<u>122,462</u>	<u>65,277</u>
Total current assets	3,868,307	6,111,067
Property & equipment		
Office furniture and equipment	101,715	79,850
Leasehold improvements	<u>18,362</u>	<u>18,362</u>
	120,077	98,212
Less accumulated depreciation	<u>(79,542)</u>	<u>(68,049)</u>
	40,535	30,163
Operating Lease Right of use Asset (Note 8)	31,807	-
Programmatic Loan (Note 14)	195,620	-
Intangible assets, net (Note 7)	<u>166,386</u>	<u>209,927</u>
Total assets	<u>\$ 4,302,655</u>	<u>\$ 6,351,157</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Operating Lease liability (Note 8)	\$ 37,507	\$ -
PPP note payable (Note 13)	-	-
Accounts payable	85,947	65,729
Accounts payable - Rwanda Mission	565,798	1,741,933
Accrued payroll liabilities	196,171	151,402
Deferred revenue	2,060	77,060
Other accrued expenses	<u>27,496</u>	<u>28,103</u>
Total current liabilities	<u>914,979</u>	<u>2,064,227</u>
Commitments and contingencies (Notes 8 and 11)		
Net assets		
Without donor restrictions (Note 9)	532,006	1,280,995
With donor restrictions (Note 10)	<u>2,855,670</u>	<u>3,005,935</u>
Total net assets	<u>3,387,676</u>	<u>4,286,930</u>
Total liabilities and net assets	<u>\$ 4,302,655</u>	<u>\$ 6,351,157</u>

The accompanying notes are an integral part
of the financial statements

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENT OF ACTIVITIES
Year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 12,180,620	\$ 822,731	\$ 13,003,351
Contributions - Action International			
Ministries - Canada	9,412	-	9,412
Gifts-in-kind (Note 12)	1,393,932	-	1,393,932
Interest Income (Note 14)	7,031	-	7,031
Investment income (Note 3)	<u>(66,161)</u>	<u>-</u>	<u>(66,161)</u>
Total revenue	13,524,834	822,731	14,347,565
Net assets released from restrictions	<u>972,996</u>	<u>(972,996)</u>	<u>-</u>
Total revenue and other support	<u>14,497,830</u>	<u>(150,265)</u>	<u>14,347,565</u>
Expenses			
Program services:			
Ministry program expense - Rwanda	10,577,319	-	10,577,319
Short-term missions	851,439	-	851,439
Program and sponsorship management	1,694,994	-	1,694,994
Management and general	358,323	-	358,323
Fundraising	<u>1,764,744</u>	<u>-</u>	<u>1,764,744</u>
Total expenses	<u>15,246,819</u>	<u>-</u>	<u>15,246,819</u>
Change in net assets	(748,989)	(150,265)	(899,254)
Net assets, beginning of year	<u>1,280,995</u>	<u>3,005,935</u>	<u>4,286,930</u>
Net assets, end of year	<u>\$ 532,006</u>	<u>\$ 2,855,670</u>	<u>\$ 3,387,676</u>

The accompanying notes are an integral part
of the financial statements

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENT OF ACTIVITIES
Year ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 11,854,769	\$ 836,040	\$ 12,690,809
Contributions - Action International			
Ministries - Canada	7,834	-	7,834
In-kind contributions (Note 12)	-	-	-
PPP loan forgiveness (Note 13)	274,877	-	274,877
Investment income (Note 3)	<u>143,441</u>	<u>-</u>	<u>143,441</u>
Total revenue	12,280,921	836,040	13,116,961
Net assets released from restrictions	<u>364,406</u>	<u>(364,406)</u>	<u>-</u>
Total revenue and other support	<u>12,645,327</u>	<u>471,634</u>	<u>13,116,961</u>
Expenses			
Program services:			
Ministry program expense - Rwanda	8,695,431	-	8,695,431
Short-term missions	278,102	-	278,102
Program and sponsorship management	995,750	-	995,750
Management and general	557,385	-	557,385
Fundraising	<u>1,538,225</u>	<u>-</u>	<u>1,538,225</u>
Total expenses	<u>12,064,893</u>	<u>-</u>	<u>12,064,893</u>
Change in net assets	580,434	471,634	1,052,068
Net assets, beginning of year	<u>700,561</u>	<u>2,534,301</u>	<u>3,234,862</u>
Net assets, end of year	<u>\$ 1,280,995</u>	<u>\$ 3,005,935</u>	<u>\$ 4,286,930</u>

The accompanying notes are an integral part
of the financial statements

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2022

	Ministry		Short-term	Program and Sponsorship Management	Total Program Services	Management and General	Fundraising	Total	
	Program Expense	Rwanda							
	\$								
Salaries and wages	-	\$	175,102	\$	1,150,591	\$	721,583	\$	1,972,726
Payroll taxes and benefits	-		37,282		245,948		163,606		434,889
Contract labor	-		-	-	-	62,400	80		62,480
Africa College of Theology	448,844		-	-	448,844	-	-		448,844
Bank and other fees	-		23,478	126,298	149,776	15,840	99,022		264,638
Building Projects	522,272		-	-	522,272	-	-		522,272
Child Sponsorship	5,285,364		-	-	5,285,364	-	-		5,285,364
Child Sponsorship -									
Action International Ministries - Canada	9,412		-	-	9,412	-	-		9,412
Children's Residence	68,014		-	-	68,014	-	-		68,014
Depreciation and amortization	35,410		4,934	10,299	50,643	1,289	8,075		60,007
Dream Center Medical Clinic	1,074,631		-	-	1,074,631	-	-		1,074,631
Esther Home	300,588		-	-	300,588	-	-		300,588
Food and Care	778,167		-	-	778,167	-	-		778,167
Dues and subscriptions	-		462	2,419	2,881	611	2,826		6,318
Fundraising expenses	-		12,989	-	12,989	-	144,886		157,875
Gifts	-		-	589	589	526	14,762		15,877
Insurance	-		1,701	9,522	11,223	1,192	9,076		21,491
Website and software	-		8,930	47,656	56,586	5,754	50,521		112,861
Marketing	-		-	-	-	-	93,020		93,020
Meals and entertainment	-		95	998	1,093	11,511	3,340		15,944
Office expense	-		1,645	10,566	12,211	2,570	12,523		27,304
Postage	-		1,501	8,174	9,675	898	25,328		35,901
Post-Secondary Students	1,205,973		-	-	1,205,973	-	-		1,205,973
Professional services	-		25,653	188,086	213,739	24,517	129,603		367,859
Promotional materials	-		1,704	24,738	26,442	2,076	62,482		91,000
Occupancy	-		6,767	37,928	44,695	12,160	29,944		86,799
Repairs and maintenance	-		-	-	-	131	-		131
Short-term missions	-		312,515	11,325	323,840	3,500	48,853		376,193
Telephone and internet	-		4,131	16,203	20,334	1,449	21,678		43,461
Transportation and travel	-		232,550	15,948	248,498	69,570	117,515		435,583
Other administration expenses	-		-	90	90	16,442	6,021		22,553
Other program expenses	848,644		-	-	848,644	-	-		848,644
\$	10,577,319	\$	851,439	\$	13,123,752	\$	1,764,744	\$	15,246,819

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

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

Ministry Program Expense	Short- term Missions	Program and			Management and General	Fundraising	Total
		Sponsorship Management	Total Program Services				
Rwanda							
\$	\$	\$	\$	\$	\$	\$	
Salaries and wages	117,061	574,265	691,326	367,985	695,943	1,755,254	
Payroll taxes and benefits	15,949	99,094	115,043	87,388	157,426	359,857	
Contract labor	-	-	-	6,250	6,395	12,645	
Africa College of Theology	-	-	1,070,818	-	-	1,070,818	
Bank and other fees	23,146	88,007	111,153	30,616	78,882	220,651	
Building Projects	-	-	315,623	-	-	315,623	
Child Sponsorship	-	-	5,097,166	-	-	5,097,166	
Child Sponsorship -							
Action International Ministries - Canada	-	-	7,834	-	-	7,834	
Children's Residence	-	-	81,386	-	-	81,386	
Depreciation and amortization	2,040	6,544	46,768	2,042	5,834	54,644	
Dream Center Medical Clinic	-	-	12,661	-	-	12,661	
Esther Home	-	-	237,521	-	-	237,521	
Food and Care	-	-	439,229	-	-	439,229	
Dues and subscriptions	578	2,046	2,624	746	7,997	11,367	
Fundraising expenses	-	-	-	-	114,729	114,729	
Gifts	-	-	-	-	10,389	10,389	
Insurance	2,071	7,874	9,945	2,456	9,224	21,625	
Website and software	10,147	33,933	44,080	10,234	36,892	91,206	
Marketing	-	127	127	-	80,561	80,688	
Meals and entertainment	86	415	501	305	2,295	3,101	
Office expense	1,903	10,513	12,416	2,212	13,579	28,207	
Postage	1,480	10,830	12,310	1,755	15,552	29,617	
Post-Secondary Students	-	-	1,062,493	-	-	1,062,493	
Professional services	19,637	77,843	97,480	23,294	83,367	204,141	
Promotional materials	829	14,063	14,892	984	54,694	70,570	
Occupancy	8,298	31,551	39,849	9,843	28,127	77,819	
Short-term missions	52,642	22,255	74,897	-	19,256	94,153	
Telephone and internet	2,710	11,157	13,867	3,156	16,487	33,510	
Transportation and travel	19,498	4,723	24,221	5,841	68,639	98,701	
Other administration expenses	-	-	-	2,278	1,467	3,745	
Other program expenses	27	510	333,053	-	30,490	363,543	
\$	\$	\$	\$	\$	\$	\$	
8,695,431	278,102	995,750	9,969,283	557,385	1,538,225	12,064,893	

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

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENTS OF CASH FLOWS
Years ended December 31, 2022 and December 31, 2021

(See Independent Accountant's Review Report)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donors, grantors and customers	\$ 12,887,642	\$ 12,798,643
Cash paid to employees, suppliers and program recipients	(14,937,536)	(11,705,163)
Investment income	<u>40,778</u>	<u>41,370</u>
Net cash provided (used) by operating activities	<u>(2,009,116)</u>	<u>1,134,850</u>
CASH FLOWS FROM INVESTING ACTIVITIES (Note 15):		
Proceeds from sale of investments	44,201	566,853
Purchase of investments	-	(40,437)
Donation of investments	(83,353)	(567,888)
Increase in programmatic loan	(212,145)	-
Increase in property and equipment and intangible assets	<u>(21,865)</u>	<u>(18,015)</u>
Net cash provided (used) by investing activities	<u>(273,162)</u>	<u>(59,487)</u>
CASH FLOWS FROM FINANCING ACTIVITIES (Note 15):	-	-
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Increase (decrease) in cash	(2,282,278)	1,075,363
Cash and cash equivalents, beginning of year	<u>4,756,512</u>	<u>3,681,149</u>
Cash and cash equivalents, end of year	<u>\$ 2,474,234</u>	<u>\$ 4,756,512</u>

The accompanying notes are an integral part
of the financial statements

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
STATEMENTS OF CASH FLOWS, Continued
Years ended December 31, 2022 and December 31, 2021
(See Independent Accountant's Review Report)

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	<u>2022</u>	<u>2021</u>
Change in net assets	\$ (899,254)	\$ 1,052,068
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Discount on programmatic loan	23,556	-
Amortization of discount on programmatic loan	(7,031)	-
Depreciation expense	11,493	7,676
Amortization expense	48,514	46,968
(Gain) loss on investments	106,939	(102,071)
Gifts in-kind capitalized	(4,972)	
PPP loan forgiveness	-	(271,707)
Changes in assets and liabilities:		
(Increase) decrease in contributions and grants receivable	-	100,000
(Increase) decrease in receivables	(50,121)	(1,843)
(Increase) decrease in prepaid expenses	(57,185)	(11,436)
Increased (decrease) in operating lease assets and liabilities	5,700	-
Increase (decrease) in accounts payable	(1,155,917)	279,390
Increase (decrease) in accrued payroll liabilities	44,769	29,706
Increase (decrease) in deferred revenue	(75,000)	-
Increase (decrease) in other accrued expenses	<u>(607)</u>	<u>6,099</u>
Net cash provided (used) by operating activities	\$ <u>(2,009,116)</u>	\$ <u>1,134,850</u>

The accompanying notes are an integral part
of the financial statements

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

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.

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:

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.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2022 and 2021

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

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.

Revenue Recognition

Revenue from contracts with customers is recorded based on 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.

The majority of the Organization's revenues come from contributions and investment income that are outside the scope of ASC 606.

Gifts-in-kind:

The Organization receives gifts-in-kind, 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. Gifts-in-kind 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 gifts-in-kind revenue is limited to circumstances in which the Organization takes constructive possession of the gifts-in-kind, and the Organization is the recipient of the gift, rather than an agent or intermediary (as defined by accounting standards). Gifts-in-kind 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, 2022 and 2021

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

Gifts-in-kind, continued:

In circumstances in which the Organization is functioning as an agent or intermediary with respect to the gifts-in-kind, 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 gifts-in-kind to the ultimate beneficiary.

In circumstances in which the Organization distributes gifts-in-kind as part of its own programs, it reports an expense, which is reported in the functional classification for the program in which the gifts-in-kind were used. It is the Organization's policy to distribute gifts-in-kind as promptly as possible. Undistributed gifts-in-kind 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 2022, all gifts-in-kind were used in the Organization's programs. There were no gifts-in-kind in 2021.

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, 2022 and 2021

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, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies, continued

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 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain reclassifications have been made to the December 31, 2021 financial statements to conform to the December 31, 2022 presentation.

Subsequent Events

Subsequent events have been evaluated through May 2, 2023, the date the financial statements were available to be issued.

Recently Adopted Accounting Guidance

Leases

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

The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

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

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Guidance, continued

Leases

In addition, the Organization elected the hindsight practical expedient to determine the lease term for existing leases. The election of the hindsight practical expedient resulted in the lengthening of the lease term for the office lease.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 a lease liability of \$ \$95,264, which represents the present value of the remaining operating lease payments of \$96,300, discounted using the Organization's risk free rate of 0.78%, and a right-of-use asset of \$95,264, which represents the operating lease liability of \$95,264. At December 31, 2022 operating lease right-of-use asset aggregated \$31,807 and operating lease liability aggregated \$37,507.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the building and office equipment classes of assets.

The standard had a material impact on the statements of financial position, but did not have a material impact on the statements of activities, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

The Organization leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Guidance, continued

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

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

Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, Not-for-profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to bring more transparency and consistency to the presentation and disclosures of gifts-in-kind. The amendments are effective for annual reporting periods beginning after June 15, 2021. The organization adopted the ASU 2020-07 with a date of initial application of January 1, 2022 using the retrospective method. The adoption of ASU 2020-07 did not have a material impact on the financial statements.

2. Cash, Availability and Liquidity:

Cash consists of the following:

	<u>2022</u>	<u>2021</u>
Checking and money market accounts	<u>\$2,474,234</u>	<u>\$4,756,512</u>

The following is a summary of cash by net assets:

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions – cash	\$ 916,460	\$3,048,711
Net assets with donor restrictions - cash	<u>1,557,774</u>	<u>1,707,801</u>
	<u>\$2,474,234</u>	<u>\$4,756,512</u>

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2022 and 2021

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 the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash (overdraft)	\$ 916,460	\$3,048,711
Investments	792	541
Receivables	56,058	5,937
Prepaid expenses	<u>39,327</u>	<u>49,943</u>
	<u>\$1,012,637</u>	<u>\$3,105,132</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>2022</u>	<u>2021</u>
<u>Without Donor Restrictions:</u>		
General investments	\$ <u>792</u>	\$ <u>541</u>
<u>With Donor Restrictions:</u>		
<u>Purpose Restrictions for:</u>		
Halo Ranch Scholarship	<u>\$1,214,761</u>	<u>\$1,282,800</u>
Totals	<u>\$1,215,553</u>	<u>\$1,283,341</u>

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

	<u>2022</u>	<u>2021</u>
Deposit accounts	\$ 276,399	\$ 210,075
Money Market Funds	225,000	225,000
Equity funds	133,379	153,063
Bond funds	131,007	144,731
Mutual funds	115,360	162,620
ETFs	<u>334,408</u>	<u>387,852</u>
	<u>\$1,215,553</u>	<u>\$1,283,341</u>

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022 and 2021

3. Investments, continued:

Investment income (loss) consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 40,778	\$ 41,370
Net realized gain (loss)	2,126	(1,045)
Net unrealized gain (loss)	<u>(109,065)</u>	<u>103,116</u>
Total investment income (loss)	\$ <u>(66,161)</u>	\$ <u>143,441</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.

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.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022 and 2021

4. Fair Value Measurement, continued:

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

Assets	Quoted Price Total at December 31, 2022	Significant in Active Market (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Deposit Accounts	\$ 276,399	\$ 276,399	\$ -	\$ -
Money Market funds	225,000	225,000	-	-
Equity Funds	133,379	133,379	-	-
Bond Funds	131,007	131,007	-	-
Mutual Funds	115,360	115,360	-	-
ETFs	<u>334,408</u>	<u>334,408</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 1,215,553</u>	<u>\$ 1,215,553</u>	<u>\$ -</u>	<u>\$ -</u>

Assets	Quoted Price Total at December 31, 2021	Significant in Active Market (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Deposit Accounts	\$ 210,075	\$ 210,075	\$ -	\$ -
Money Market funds	225,000	225,000	-	-
Equity Funds	153,063	153,063	-	-
Bond Funds	144,731	144,731	-	-
Mutual Funds	162,620	162,620	-	-
ETFs	<u>387,852</u>	<u>387,852</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 1,283,341</u>	<u>\$ 1,283,341</u>	<u>\$ -</u>	<u>\$ -</u>

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2022 and 2021

5. Receivables:

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

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions:		
Accounts receivable	\$ -	\$ 5,620
Pledges receivable – due within one year	50,000	-
Receivable from employees	<u>6,058</u>	<u>317</u>
	56,058	5,937
Net assets with donor restrictions:		
Accounts receivable	<u>-</u>	<u>-</u>
	<u>\$ 56,058</u>	<u>\$ 5,937</u>

6. Prepaid Expenses:

Prepaid expenses consist of the following:

	<u>2022</u>	<u>2021</u>
Rent deposit and prepaid rent	\$ 8,900	\$ 8,200
Prepaid short-term mission travel	83,135	15,334
Other prepaid expenses	<u>30,427</u>	<u>41,743</u>
	<u>\$ 122,462</u>	<u>\$ 65,277</u>

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

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions	\$ 39,327	\$ 49,943
Net assets with donor restrictions	<u>83,135</u>	<u>15,334</u>
	<u>\$ 122,462</u>	<u>\$ 65,277</u>

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2022 and 2021

7. Intangible Assets:

Intangible assets consist of the following:

	<u>2022</u>	<u>2021</u>
Web redesign	\$ 25,003	\$ 20,030
Computer software	452,975	452,975
Trademarks	<u>1,750</u>	<u>1,750</u>
	479,728	474,755
Less accumulated amortization	<u>(313,342)</u>	<u>(264,828)</u>
	<u>\$ 166,386</u>	<u>\$ 209,927</u>

Amortization expense was \$48,514 and \$46,968 in 2022 and 2021, respectively.

8. Lease Commitments:

The Organization leases office space under a non-cancelable operating lease with a remaining lease term of 6 months.

As of December 31, 2022, operating lease right of use asset was \$31,807 and operating lease liability was \$37,507. Operating lease cost for the year ended December 31, 2022 was \$64,200. Rent expense was \$55,600 for the year ended December 31, 2021.

Other information related to leases was as follows:

Year Ended December 31,	2022
Supplemental Cash Flows Information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 58,500
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	95,264

AFRICA NEW LIFE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022 and 2021

8. Lease Commitments, continued:

Weighted Average Remaining Lease Term	
Operating leases	0.5 years
Weighted Average Discount Rate	
Operating leases	0.78 %

Future minimum lease payments under non-cancellable leases as of December 31, 2022 were as follows:

Year Ended December 31,	Operating Leases
2023	<u>\$ 37,800</u>
Total future minimum lease payments	37,800
Less imputed interest	<u>(293)</u>
Total	<u>\$ 37,507</u>

9. Net Assets Without Donor Restrictions:

Net assets without donor restrictions consist of the following:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 325,085	\$1,040,905
Invested in property and equipment	40,535	30,163
Invested in intangible assets	<u>166,386</u>	<u>209,927</u>
	<u>\$ 532,006</u>	<u>\$1,280,995</u>

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022 and 2021

10. Net Assets With Donor Restrictions:

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

	<u>2022</u>	<u>2021</u>
Africa College of Theology	\$ 181,308	\$ 129,958
Building projects	170,377	302,716
Child sponsorship	843,698	729,218
Esther Home	-	44,137
Food and Care	39,430	100,743
Halo Ranch Scholarship	1,111,773	1,283,498
New Life Children's Residence	1,190	2,441
Short-term missions	265,988	51,467
Post-secondary students	94,231	197,395
Other projects	<u>147,675</u>	<u>164,362</u>
	<u>\$2,855,670</u>	<u>\$3,005,935</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, 2022 and 2021 the amount of cash deposited at financial institutions exceeded the FDIC limits by approximately \$2,000,000 and \$4,380,000, respectively, and the amount in uninsured investments totaled \$939,154 and \$1,073,265, respectively.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2022 and 2021

12. Gifts-in-kind:

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

	<u>2022</u>	<u>2021</u>
Revenue:		
Gifts-in-kind	\$ <u>1,393,392</u>	\$ <u>-</u>
Expenses:		
Program service:		
Ministry program expense-Rwanda	\$1,388,960	\$ -
Management and general	<u>-</u>	<u>-</u>
	<u>\$1,388,960</u>	<u>\$ -</u>
<u>Description:</u>		
Nutritional food packaging (approximately 1,000,000 meals)	\$ 392,213	\$ -
Personal protective equipment (approximately 250,000 units)	996,747	-
Marketing and communication	<u>4,972</u>	<u>-</u>
	<u>\$1,393,932</u>	<u>\$ -</u>

Gifts-in-kind valuation techniques:

Fair value is determined as follows:

- Food is valued on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
- Medical supplies, including personal protective equipment, are valued using prices that would be received for selling similar products in wholesale quantities in the United States.
- Contributed marketing services are valued at the estimated fair value based on current rates for similar services.

Donor restrictions and gifts-in-kind use:

During 2022 all gifts-in-kind are unrestricted. The Organization does not sell donated gifts-in-kind. Contributed food was utilized in the Food and Care program. Contributed personal protective equipment was utilized in the Dream Center Medical Clinic program. Contributed marketing services were used for supporting services.

AFRICA NEW LIFE MINISTRIES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022 and 2021

12. Gifts-in-kind, continued:

During 2022 and 2021, the Organization did not receive any in-kind contributions which qualified as intermediary or agency transactions. At December 31, 2022 and 2021, the Organization did not have undistributed in-kind inventory.

13. PPP Note Payable – Paycheck Protection Program

Pursuant to the Paycheck Protection Program (the “PPP”) under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES” Act), the Organization was granted loan proceeds from a bank in the amount of \$271,707, fixed interest rate at 1% per annum. Repayment of interest and principal is contingent upon the amount forgiven as outlined by the SBA. Under the terms of the PPP agreement, \$271,707 of principal and \$3,170 of accrued interest was approved for forgiveness and reflected in income for the year ended December 31, 2021. The Organization accounted for the loan as debt in accordance with FASB ASC 470 and FASB ASC-835-30.

14. Programmatic Loan

During the year ended December 31, 2022, the Organization advanced a noninterest bearing loan in the amount of \$212,145 to ANLMR to fund the completion of the ACT Dorm.

The loan was accounted for as both a loan and a contribution under the guidance of FASB ASC 310 and FASB ASC 835-30 with an imputed interest rate of 4% as follows:

Noninterest bearing note due May 15, 2026	\$212,145
Less unamortized discount based on imputed interest rate of 4%	<u>(16,525)</u>
Note receivable less unamortized discount	<u>\$195,620</u>

Interest income recognized in the Statement of Activities as of December 31, 2022 was \$7,031.

15. Supplemental Disclosure of Non-cash Investing and Financing Activity:

	<u>2022</u>	<u>2021</u>
Gifts-in-Kind	<u>\$1,393,932</u>	<u>\$ -0-</u>