

Leighton Ford Ministries, Inc.

Financial Statements

December 31, 2023

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LEIGHTON FORD MINISTRIES, INC.

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INDEPENDENT AUDITORS' REPORT

To the Finance Committee of
Leighton Ford Ministries, Inc.
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of Leighton Ford Ministries, Inc. (the "Organization" - a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leighton Ford Ministries, Inc. as of December 31, 2023, 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.

Basis of Opinion

We conducted our audit 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 Leighton Ford Ministries, Inc. 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 Leighton Ford Ministries, Inc.'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 auditors' 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.

Leighton Ford Ministries, Inc.
Charlotte, North Carolina

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 purposes of expressing an opinion on the effectiveness of Leighton Ford Ministries, Inc.'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 Leighton Ford Ministries, Inc.'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foard & Company, P.A.
March 20, 2024

LEIGHTON FORD MINISTRIES, INC.**Statement of Financial Position****December 31, 2023, with prior year comparative totals**

	December 31,	
	2023	2022
<u>ASSETS</u>		
Cash and cash equivalents	\$ 234,353	\$ 441,950
Grants and accounts receivable	7,250	16,400
Investments at fair value	2,863,207	2,641,501
Prepaid expenses	2,067	100
<u>TOTAL ASSETS</u>	\$ 3,106,877	\$ 3,099,951
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 28,504	\$ 24,228
Deferred revenue	906,326	1,140,575
<u>Total Liabilities</u>	934,830	1,164,803
Net Assets:		
Without donor restrictions	2,172,047	1,935,148
<u>Total Net Assets</u>	2,172,047	1,935,148
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 3,106,877	\$ 3,099,951

LEIGHTON FORD MINISTRIES, INC.**Statement of Activities****Year Ended December 31, 2023, with prior year comparative totals**

	Year Ended December 31,	
	2023	2022
<u>REVENUES, GAINS AND OTHER SUPPORT</u>		
Contributions	\$ 464,798	\$ 347,405
Grants	242,249	273,675
Consulting income	154,822	129,293
Interest and dividend income, net of fees	102,891	39,278
Realized loss on investments	(4,914)	(51,508)
Unrealized gain (loss) on investments	121,819	(156,025)
Other income	1,721	574
<u>Total Revenue, Gains and Other Support</u>	<u>1,083,386</u>	<u>582,692</u>
<u>EXPENSES</u>		
Program services	637,166	824,527
Management and general	111,014	178,195
Fundraising	98,307	62,403
<u>Total Expenses</u>	<u>846,487</u>	<u>1,065,125</u>
CHANGE IN NET ASSETS	236,899	(482,433)
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING	1,935,148	2,417,581
NET ASSETS WITHOUT DONOR RESTRICTIONS, ENDING	\$ 2,172,047	\$ 1,935,148

LEIGHTON FORD MINISTRIES, INC.**Statement of Functional Expenses****Year Ended December 31, 2023, with prior year comparative totals**

	Year Ended December 31, 2023				Prior Year Comparative Totals
	Program Services	Supporting Services		Total	
		Management and General	Fundraising		
<u>EXPENSES</u>					
Seminars, retreats, and conferences	\$ 230,433	\$ 18,951	\$ 27,431	\$ 276,815	\$ 273,921
Contracting fees	232,194	8,063	27,588	267,845	273,343
Salaries	133,032	24,000	19,200	176,232	405,659
Marketing & communications	-	6,014	20,000	26,014	25,225
Office expenses	5,532	16,830	-	22,362	27,664
Medical insurance	18,343	1,831	-	20,174	12,632
Professional fees	-	15,350	1,502	16,852	13,923
Retirement plan expense	11,250	2,100	1,650	15,000	15,000
Travel	-	11,937	-	11,937	9,241
Payroll taxes	6,382	1,191	936	8,509	3,517
Bank fees & service charges	-	4,747	-	4,747	5,000
<u>TOTAL EXPENSES</u>	\$ 637,166	\$ 111,014	\$ 98,307	\$ 846,487	\$ 1,065,125

LEIGHTON FORD MINISTRIES, INC.**Statement of Cash Flows****Year Ended December 31, 2023, with prior year comparative totals**

	Year Ended December 31,	
	2023	2022
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 236,899	\$ (482,433)
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Realized loss on investments	4,914	51,508
Unrealized (gain) loss on investments	(121,819)	156,025
Change in operating assets and liabilities:		
Prepaid expenses	(1,967)	10,061
Grants and accounts receivable	9,150	(13,350)
Accounts payable	4,276	(12,853)
Deferred revenue	(234,249)	(205,676)
<i>Cash Flows From Operating Activities</i>	<i>(102,796)</i>	<i>(496,718)</i>
<u>INVESTING ACTIVITIES</u>		
Purchase of investments	(806,294)	(2,240,828)
Proceeds from sale of investments	701,493	1,531,735
<i>Cash Flows From Investing Activities</i>	<i>(104,801)</i>	<i>(709,093)</i>
NET CHANGE IN CASH	(207,597)	(1,205,811)
CASH AND CASH EQUIVALENTS, BEGINNING	441,950	1,647,761
CASH AND CASH EQUIVALENTS, ENDING	\$ 234,353	\$ 441,950

LEIGHTON FORD MINISTRIES, INC.

Notes to Financial Statements

December 31, 2023

NOTE 1 – NATURE OF ACTIVITIES

Nature of activities

Leighton Ford Ministries, Inc. (the “Organization”) is a Christian organization that provides a wide range of activities and services for emerging Christian leaders, churches, and parachurch organizations. Sources of revenue for the Organization’s services are donations, grants, consulting fees, and user fees. The mission of the Organization is to “be a catalyst for mentoring healthy leaders who sustain thriving ministries for the sake of the Gospel.”

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis 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 (GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in day-to-day operations of the Organization and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position.

Net Assets With Donor Restrictions – These amounts are subject to donor-imposed stipulations that limit the use of the funds. These restrictions may be temporary in nature, with donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time, or perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Amounts received with donor restrictions whose restrictions are satisfied in the same fiscal year are reported as net assets without donor restrictions. As of December 31, 2023, the Organization had no net assets that were to be held in perpetuity.

Basis of Presentation

Revenues are reported as increases in net assets with donor restrictions without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Fees from services performed are recorded as revenue when the services are rendered. Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the calendar year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net

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Notes to Financial Statements

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assets with donor restrictions. Expenses are recorded as decreases in net assets without donor restrictions.

Revenue recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for use unless specifically restricted by the donor. Dues, fees, and other revenues are recorded when earned. Amounts billed or collected in advance of being earned are recorded as deferred revenue and are recognized as revenue at the time of the event.

Cash and cash equivalents

The Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued in the statement of financial position at their fair value. Fair value is determined by reference to exchange or dealer-quote market prices. If a quoted market price is not available, the fair value of securities is estimated using quoted market prices for similar investment securities. Changes in the fair value of securities are reflected as investment gains or losses in the accompanying statement of activities.

Grants and accounts receivable

The Organization's grant income is primarily related to providing consulting and mentoring services to religious organizations and their leaders. Revenue is recognized as the services are performed. As of December 31, 2023, management determined that no allowance for receivables was considered necessary.

Consulting income

Consulting income is recognized when the services are provided.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in contributions at fair value. During the year, the Organization had no contributed goods or services eligible for recognition.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services, management and general, and fundraising efforts. The

LEIGHTON FORD MINISTRIES, INC.

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Organization does not record the value of other donated services in its financial statements since the value of the services does not meet the requirements for recognition in the financial statements.

Functional allocation of expenses

Expenses are allocated to three functional areas: program services, management and general, and fundraising. Program services include client acquisition and other programs, which represent the primary activities of the Organization. Supporting services represent the Organization's fundraising and general and administrative activities. Certain expenses are allocated to the three different functions based on estimates of management and various allocation methods appropriate to the type of expense. Of these types of expenses, personnel costs are allocated on the basis of estimates of time and effort towards each function. All other expenses are charged directly to the function they benefit.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Significant estimates and assumptions are used for but are not limited to the fair value of financial instruments. Changes in facts and circumstances may result in revised estimates.

Income taxes

Leighton Ford Ministries, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Leighton Ford Ministries, Inc. is not a private foundation pursuant to Internal Revenue Code Section 509(a)(1). Leighton Ford Ministries, Inc. has determined that they do not have any unrecognized tax benefits or obligations, as defined by FASB ASC 740 "Income Taxes" as of December 31, 2023.

Prior-year comparative totals

The financial statements include certain prior-year summarized information in total, but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's 2022 financial statements, from which the summarized information was derived.

NOTE 2 – INVESTMENTS

Investments as of December 31, 2023, were comprised of the following:

Mutual funds	\$ 1,725,026
Fixed income	316,202
Stocks and ETFs	<u>821,979</u>
Investments, at fair value	<u>\$ 2,863,207</u>

LEIGHTON FORD MINISTRIES, INC.**Notes to Financial Statements****December 31, 2023**

NOTE 3 – FAIR VALUE MEASUREMENTS*Fair value measurements*

Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

- Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.
- Level 2 - Fair value is based on 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 for substantially the full term of the assets or liabilities.
- Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of December 31, 2023, the Organization's investments are classified as Level 1 assets.

NOTE 4 – DEFERRED REVENUE

The following table provides information about the grants from a private foundation for the year ended December 31, 2023:

Deferred revenue, beginning of year	\$ 1,140,575
Revenue recognized	<u>(234,249)</u>
Deferred revenue, ending	<u>\$ 906,326</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

For the year ended December 31, 2023, the Organization paid \$31,200 in minister housing allowance to a board member who is also President. His role is focused on representing the organization publicly and providing overall leadership in the growth and advancement of the Organization. The President is accountable to the Board Chair. The Organization also paid approximately \$219,000 to a consulting firm which is owned by a board member of the Organization. Services provided by the firm include revenue generation through consulting contracts, grant writing and support, marketing, strategic planning, succession planning, and ensuring continuity of the organization.

LEIGHTON FORD MINISTRIES, INC.**Notes to Financial Statements****December 31, 2023**

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$ 243,353
Grants and accounts receivable	7,250
Investments at fair value	<u>2,863,207</u>
	3,113,810
Deferred revenue	<u>(906,326)</u>
Total Financial Assets	<u>\$ 2,207,484</u>

NOTE 7 – RETIREMENT PLAN

The Organization has a defined contribution pension plan. The discretionary contribution for the year ended December 31, 2023, was \$15,000.

NOTE 8 - CONCENTRATIONS OF RISKCash

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization occasionally holds cash in excess of the insured limits covered by the FDIC; however, the Organization believes it is not exposed to any significant credit risk related to these accounts.

Contributions

For the year ended 2023, five donors provided 56 percent of total contributions received.

Geographic area

The Organization operates in a limited geographic area and is therefore sensitive to changes in the local economy.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors’ report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.