

*Leighton Ford Ministries, Inc.*

*Financial Statements*

*December 31, 2022*

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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, 2022, 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, 2022, 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.

Prior Period Financial Statements

The Organization's financial statement as of December 31, 2021, were audited by other auditors whose report dated November 21, 2022, expressed an unmodified opinion on those statements.

*Foard & Company, P.A.*  
November 20, 2023

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**LEIGHTON FORD MINISTRIES, INC.****Statement of Financial Position****December 31, 2022, with prior year comparative totals**

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	December 31,	
	2022	2021
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 441,950	\$ 1,647,761
Investments at fair value	2,641,501	2,139,941
Prepaid expenses	100	10,161
Grants and accounts receivable	16,400	3,050
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 3,099,951</u></b>	<b><u>\$ 3,800,913</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable	\$ 24,228	\$ 37,081
Deferred revenue	1,140,575	1,346,251
Total Liabilities	1,164,803	1,383,332
Net Assets:		
Without donor restrictions	1,935,148	2,417,581
Total Net Assets	1,935,148	2,417,581
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 3,099,951</u></b>	<b><u>\$ 3,800,913</u></b>

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**LEIGHTON FORD MINISTRIES, INC.****Statement of Activities****Year Ended December 31, 2022, with prior year comparative totals**

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	Year Ended December 31,	
	2022	2021
<b><u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b>		
<b><u>REVENUES, GAINS AND OTHER SUPPORT</u></b>		
Grants and contributions	\$ 621,080	\$ 612,768
Consulting income	129,293	124,839
Interest and dividend income, net of fee	39,278	33,807
Realized gain (loss) on investments	(51,508)	26,756
Unrealized gain (loss) on investment	(156,025)	108,770
Other income (loss)	574	26,924
<b><i>Total Revenue, Gains and Other Support</i></b>	<b>582,692</b>	<b>933,864</b>
<b><u>EXPENSES</u></b>		
Program services	824,527	446,058
Management and general	178,195	250,432
Fundraising	62,403	18,185
<b><i>Total Expenses</i></b>	<b>1,065,125</b>	<b>714,675</b>
<b>CHANGE IN NET ASSETS</b>	<b>(482,433)</b>	<b>219,189</b>
<b>NET ASSETS, BEGINNING</b>	<b>2,417,581</b>	<b>2,198,392</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 1,935,148</b>	<b>\$ 2,417,581</b>

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**LEIGHTON FORD MINISTRIES, INC.****Statement of Functional Expenses****Year Ended December 31, 2022, with prior year comparative totals**

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	Year Ended December 31, 2022				
		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Comparative Totals
<b><u>EXPENSES</u></b>					
Auto expense	\$ -	\$ -	\$ -	\$ -	\$ 24,229
Professional fees	-	13,923	-	13,923	22,628
Contracting fees	229,703	33,410	10,230	273,343	296,006
Board meetings	-	-	-	-	1,128
Meals	-	-	-	-	19,375
Medical insurance	12,000	632	-	12,632	-
Miscellaneous	-	5,000	-	5,000	4,845
Office expense	-	27,664	-	27,664	36,313
Payroll taxes	1,993	1,055	469	3,517	7,547
Retirement plan contribution	7,125	4,875	3,000	15,000	20,000
Salaries	347,411	46,248	12,000	405,659	148,621
Seminars, retreats, conference	226,295	30,922	16,704	273,921	-
Travel	-	9,241	-	9,241	32,427
Marketing & communications	-	5,225	20,000	25,225	88,556
Stipend	-	-	-	-	13,000
<b><u>TOTAL EXPENSES</u></b>	<b>\$ 824,527</b>	<b>\$ 178,195</b>	<b>\$ 62,403</b>	<b>\$ 1,065,125</b>	<b>\$ 714,675</b>

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**LEIGHTON FORD MINISTRIES, INC.****Statement of Cash Flows****Year Ended December 31, 2022, with prior year comparative totals**

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	Year Ended December 31,	
	2022	2021
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (482,433)	\$ 219,189
Adjustments to reconcile changes in net assets to cash provided by operating activities		
Realized (gain) loss on investments	51,508	(26,756)
Unrealized (gain) loss on investments	156,025	(108,770)
Change in operating assets and liabilities		
Prepaid expenses	10,061	(10,161)
Grants and accounts receivable	(13,350)	852,848
Accounts payable	(12,853)	25,783
Deferred revenue	(205,676)	(199,046)
<b>Cash Flows From</b>		
<b>Operating Activities</b>	<b>(496,718)</b>	<b>753,087</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchase of investments	(2,240,828)	(308,700)
Proceeds from sale of investments	1,531,735	448,859
<b>Cash Flows From</b>		
<b>Investing Activities</b>	<b>(709,093)</b>	<b>140,159</b>
<b><u>FINANCING ACTIVITIES</u></b>		
Forgiveness of payroll protection program loan	-	(26,602)
<b>Cash Flows From</b>		
<b>Financing Activities</b>	<b>-</b>	<b>(26,602)</b>
<b>NET CHANGE IN CASH</b>	<b>(1,205,811)</b>	<b>866,644</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>1,647,761</b>	<b>781,117</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 441,950</b>	<b>\$ 1,647,761</b>

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# **LEIGHTON FORD MINISTRIES, INC.**

## **Notes to Financial Statements**

**December 31, 2022**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### *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.”

#### *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) and, accordingly, reflect all significant receivables, payables, and other liabilities.

#### *Basis of presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205 Not-for-Profit Entities: Presentation of Financial Statements. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to the classes of net assets as follows:

- *Net assets without donor restrictions* – Net assets that are available for use in general operations and not subject to donor-imposed stipulations.
- *Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purpose specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

There were no net assets with donor restrictions during the year ended December 31, 2022.

#### *Cash and cash equivalents and restricted cash*

The Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Amounts included in restricted cash represent those required to be set aside by a contractual agreement.

#### *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.

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# ***LEIGHTON FORD MINISTRIES, INC.***

## **Notes to Financial Statements**

**December 31, 2022**

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### *Grants and grants receivable*

The Organization's grant income is primarily related to providing consulting and mentoring services to religious organizations and their leaders through December 2025. Revenue is recognized as the services are performed.

### *Promises to give*

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As of December 31, 2022, an allowance for receivables was not considered necessary.

### *Contributions*

Contributions received are recorded as with or without donor restrictions, depending on the existence and or nature of any donor restrictions. Support that is restricted by the donor is reported in net assets without donor restrictions if the restriction is met in the reporting period in which the support is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

### *Contributed assets*

Donated securities are reflected as contributions in the accompanying statements at their estimated fair values at the date of donation. Several volunteers, including the board of directors, contribute significant amounts of time to further the Organization's programs. The value of contributed volunteer time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements.

### *Consulting income*

Consulting income is recognized when the services are provided.

### *Functional allocation of expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Due to extensive activities related to a new grant in 2021, the client chose to establish a new basis for estimating the allocation of certain indirect expenses.

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# **LEIGHTON FORD MINISTRIES, INC.**

## **Notes to Financial Statements**

**December 31, 2022**

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### 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, 2022.

### 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 Foundation's 2021 financial statements, from which the summarized information was derived.

### New accounting pronouncement

The Organization adopted ASU 2016-02, Leases (Topic 842) during the year. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either financing or operating, with classifications affecting the pattern of expense recognition in the statement of activities. The Organization has no leases subject to ASU 2016-02.

## **NOTE 2 – INVESTMENTS**

### Investments

Investments as of December 31, 2022, were comprised of the following:

Mutual funds	\$ 1,615,406
Fixed income	189,183
Stocks and ETFs	<u>836,912</u>
Investments, at fair value	<u>\$ 2,641,501</u>

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**LEIGHTON FORD MINISTRIES, INC.****Notes to Financial Statements****December 31, 2022**

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**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, 2022, 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, 2022:

Deferred revenue, beginning of year	\$ 1,346,251
Grants received	60,000
Revenue recognized	<u>(265,676)</u>
Deferred revenue, ending	<u>\$ 1,140,575</u>

**NOTE 5 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of December 31, 2022 and 2021 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	\$ 441,950
Accounts receivable	16,400
Investment securities	<u>2,641,501</u>
	3,099,851
Deferred revenue	<u>(1,140,575)</u>
	<u>\$ 1,959,276</u>

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**LEIGHTON FORD MINISTRIES, INC.****Notes to Financial Statements****December 31, 2022**

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**NOTE 6 – RETIREMENT PLAN**

The Organization has a defined contribution pension plan. The discretionary contribution for the year ended December 31, 2022 was \$15,000.

**NOTE 7 - CONCENTRATIONS OF RISK***Cash*

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization 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 2022, five donors provided 39 percent of total contributions received.

*Geographic area*

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

**NOTE 8 – SUBSEQUENT EVENTS**

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