

**King of Kings Lutheran Church
and Affiliates
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
For the years ended December 31, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Lay Ministry of
King of Kings Lutheran Church and Affiliates

We have audited the accompanying consolidated financial statements of King of Kings Lutheran Church (a non-profit organization) and its Affiliates (together the Church), which comprise the consolidated statements of the financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses 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 the Church as of December 31, 2021 and 2020, and the changes in 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 for 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 the Church 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 the Church'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 the Church'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 the Church'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information on pages 22 to 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hayes & Associates, LLC

Hayes & Associates, L.L.C.
Omaha, Nebraska
May 10, 2022

King of Kings Lutheran Church and Affiliates
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,664,203	\$ 11,841,154
Cash restricted by donor	2,463,694	1,709,224
Cash designated by board	53,439	41,439
Accounts receivable	9,369	14,084
Prepaid expenses	21,332	6,910
Total current assets	12,212,037	13,612,811
 NONCURRENT ASSETS		
Capital assets, net	6,409,632	6,207,639
Other assets, net	9,009	9,009
Total noncurrent assets	6,418,641	6,216,648
Total assets	\$ 18,630,678	\$ 19,829,459
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 347,463	\$ 105,421
Accrued salaries, vacation, and benefits payable	209,223	159,561
Deferred revenue	19,664	19,989
Line of credit	-	-
Total current liabilities	576,350	284,971
 LONG-TERM LIABILITIES		
Other long-term liabilities	5,000	5,000
Total liabilities	581,350	289,971
 NET ASSETS		
Net assets without donor restrictions	15,736,016	17,830,664
Net assets with donor restrictions	2,313,312	1,708,824
Total net assets	18,049,328	19,539,488
Total liabilities and net assets	\$ 18,630,678	\$ 19,829,459

See accompanying notes and independent auditor's report.

King of Kings Lutheran Church and Affiliates
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, SUPPORT, AND RECLASSIFICATIONS			
Contributions/offerings	\$ 3,603,328	\$ 878,499	\$ 4,481,827
Tuition	1,063,262	-	1,063,262
Property rental	478,369	-	478,369
Investment/interest	18,361	49,438	67,799
Conferences/events	8,104	34,231	42,335
Publishing sales	2,241	-	2,241
Other operating revenue	47,171	-	47,171
Gain on sale of assets	-	-	-
Net assets released from restrictions	2,407,680	(2,407,680)	-
Total revenues, support, and reclassifications	7,628,516	(1,445,512)	6,183,004
EXPENSES			
Program services	6,713,785	-	6,713,785
Management and general	959,379	-	959,379
Total expenses	7,673,164	-	7,673,164
INTERCOMPANY TRANSFER TO (FROM) AFFILIATE			
	(2,050,000)	2,050,000	-
CHANGE IN NET ASSETS	(2,094,648)	604,488	(1,490,160)
NET ASSETS, BEGINNING OF YEAR	17,830,664	1,708,824	19,539,488
NET ASSETS, END OF YEAR	\$ 15,736,016	\$ 2,313,312	\$ 18,049,328

See accompanying notes and independent auditor's report.

King of Kings Lutheran Church and Affiliates
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, SUPPORT, AND RECLASSIFICATIONS			
Contributions/offerings	\$ 3,298,743	\$ 497,284	\$ 3,796,027
Tuition	972,887	-	972,887
Property rental	407,777	-	407,777
Investment/interest	20,637	41,472	62,109
Conferences/events	7,708	11,602	19,310
Publishing sales	2,954	-	2,954
Other operating revenue	652,541	-	652,541
Gain on sale of assets	8,260,083	-	8,260,083
Net assets released from restrictions	647,238	(647,238)	-
Total revenues, support, and reclassifications	14,270,568	(96,880)	14,173,688
EXPENSES			
Program services	5,482,863	-	5,482,863
Management and general	665,693	-	665,693
Total expenses	6,148,556	-	6,148,556
INTERCOMPANY TRANSFER TO (FROM) AFFILIATE			
	(950,000)	950,000	-
CHANGE IN NET ASSETS	7,172,012	853,120	8,025,132
NET ASSETS, BEGINNING OF YEAR	10,658,652	855,704	11,514,356
NET ASSETS, END OF YEAR	\$ 17,830,664	\$ 1,708,824	\$19,539,488

See accompanying notes and independent auditor's report.

King of Kings Lutheran Church and Affiliates
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	Program Services Consolidated	Management and General Consolidated	Total Expense
Wages and salaries	\$ 2,842,750	\$ 245,225	\$ 3,087,975
Payroll taxes	143,899	18,371	162,270
Employee benefits	518,370	20,142	538,512
Training & education	32,301	168	32,469
Ministry food & supplies	235,874	59	235,933
Ministry technology services & fees	40,414	12,123	52,537
Honorariums, consulting, recognition	65,652	33,413	99,065
Scholarships	41,376	-	41,376
Benevolence	28,385	-	28,385
Event fees	81,671	-	81,671
Promotions	92,592	-	92,592
Office supplies & paper	9,587	-	9,587
Missions	1,796,080	-	1,796,080
Postage & shipping	7,209	894	8,103
Telephone & fax	16,919	2,307	19,226
IT support	33,566	4,577	38,143
Bank & transaction processing fees	17,104	29,662	46,766
Professional fees	18,446	20,975	39,421
Recruiting & moving	300	-	300
Equipment purchases, rental & maintenance	98,394	7,900	106,294
Building repair & maintenance	108,563	9,349	117,912
Building cleaning & janitorial	74,692	10,185	84,877
Building heating & cooling	27,914	3,806	31,720
Building security & fire	27,287	3,946	31,233
Utilities	174,110	23,742	197,852
Property taxes	-	107,912	107,912
Property & liability insurance	-	75,608	75,608
Grounds maintenance	83,180	11,343	94,523
Vehicle repair & maintenance	4,469	609	5,078
Depreciation expense	92,681	317,063	409,744
	<u>\$ 6,713,785</u>	<u>\$ 959,379</u>	<u>\$ 7,673,164</u>

See accompanying notes and independent auditor's report.

King of Kings Lutheran Church and Affiliates
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

	Program Services Consolidated	Management and General Consolidated	Total Expense
Wages and salaries	\$ 2,573,618	\$ 252,029	\$ 2,825,647
Payroll taxes	128,962	19,133	148,095
Employee benefits	476,544	38,679	515,223
Training & education	31,002	155	31,157
Ministry food & supplies	185,447	297	185,744
Ministry technology services & fees	41,719	-	41,719
Honorariums, consulting, recognition	35,805	2,093	37,898
Scholarships	51,900	-	51,900
Benevolence	49,566	-	49,566
Event fees	65,519	-	65,519
Promotions	46,433	-	46,433
Office supplies & paper	6,819	1,671	8,490
Missions	422,396	-	422,396
Postage & shipping	3,904	450	4,354
Telephone & fax	16,181	2,207	18,388
IT support	32,313	4,406	36,719
Bank & transaction processing fees	17,085	26,119	43,204
Professional fees	494,049	69,063	563,112
Recruiting & moving	2,954	-	2,954
Equipment purchases, rental & maintenance	44,829	-	44,829
Building repair & maintenance	43,081	6,484	49,565
Building cleaning & janitorial	78,469	10,677	89,146
Building heating & cooling	23,170	3,160	26,330
Building security & fire	15,569	2,448	18,017
Utilities	171,802	23,428	195,230
Property taxes	-	65,451	65,451
Property & liability insurance	-	79,963	79,963
Grounds maintenance	65,189	8,889	74,078
Vehicle repair & maintenance	3,819	521	4,340
Depreciation expense	354,719	48,370	403,089
	<u>\$ 5,482,863</u>	<u>\$ 665,693</u>	<u>\$ 6,148,556</u>

See accompanying notes and independent auditor's report.

King of Kings Lutheran Church and Affiliates
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Change in net assets	\$ (1,490,160)	\$ 8,025,132
Adjustments to reconcile change in net assets to		
Net cash from/ (used in) operating activities		
Depreciation and amortization	409,744	403,090
Change in accounts receivable	4,715	(2,727)
Change in prepaid expenses	(14,422)	(115)
Change in accounts payable	242,044	(28,278)
Change in salaries, vacation, and benefits payable	49,662	35,499
Change in deferred revenue	(325)	(7,902)
Change in line of credit	-	-
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	(798,742)	8,424,699
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Sale/(Purchase) of property and equipment	(611,739)	3,602,434
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	(611,739)	3,602,434
CASH FLOWS FROM FINANCING ACTIVITIES		
Other long-term deposit	-	1,500
NET CASH FROM FINANCING ACTIVITIES	-	1,500
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,410,481)	12,028,633
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	13,591,817	1,563,184
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$ 12,181,336	\$ 13,591,817
RECONCILIATION OF CASH TO		
STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 9,664,203	\$ 11,841,154
Cash restricted by donor	2,463,694	1,709,224
Cash designated by board	53,439	41,439
Total cash	\$ 12,181,336	\$ 13,591,817

See accompanying notes and independent auditor's report.

King of Kings Lutheran Church and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of King of Kings Lutheran Church and Affiliates (together the "Church"). These policies are in accordance with accounting principles generally accepted in the United States of America.

1. Organization

The King of Kings Lutheran Church of Omaha, Nebraska, is a Nebraska non-profit corporation incorporated on December 19, 1962, and operates under the denomination of the Lutheran Church - Missouri Synod. In addition, King of Kings Lutheran Church is the Supported Organization of the following supporting: Glory Enterprises, Inc. (GEI), Royal Land, Inc. (RLI) and King of Kings Lutheran Church Foundation (Foundation). These corporations operate exclusively for the benefit of, to perform the charitable functions of, or to carry out the charitable purposes of King of Kings Lutheran Church. The accompanying consolidated financial statements include the accounts of all four organizations. All significant intercompany transactions have been eliminated in the consolidation.

GEI was established to operate a Christian publication company to develop and publish curricula for the education of Christian youth, and to own and operate one or more Christian bookstores.

RLI was established to acquire, own, lease, sell, renovate, improve, trade, and operate real and personal property, including but not limited to the campus and sanctuary of the Church as well as land for expansion or replacement of the campus.

The Foundation was established to receive and maintain a fund or funds of real or personal property, or both, to further the ministry of the Church.

The Core Center, LLC was established to provide Christian counseling services to KOK congregation and the Omaha community.

The officers of the corporation as of December 31, 2021, are as follows:

Mr. Spencer Schwarting	President
Mr. Dave Zauha	Vice President
Mr. Ed Korbel	Treasurer

King of Kings Lutheran Church and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2021 and 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Organization – Continued

The Church's purpose is to transform lives, knowing there is no greater calling than to be part of what God is doing in this world. King of Kings exists to join God on His mission of transforming hearts and lives, through connection to God, connection to each other, and connection to the world. King of Kings has the following core values: reliant, courageous, authentic, and generous. These values support the purpose and shape the culture of King of Kings.

The Church provides ministry services that include mid-week and weekend worship opportunities, missions, and outreach programs, educational classes, children's and students' worship activities, preschool and childcare programs, pastoral care, and a library.

2. Basis of Accounting

The Church maintains its accounting records and prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

3. Financial Statement Presentation

The Church is required to report information regarding its financial position and activities according to two classes of net assets:

- a. Net assets without donor restrictions are assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Church. These net assets may be used at the discretion of the Church's management and the board of directors. A board-designated endowment, which results from an internal designation, is generally not donor-restricted and is classified as net assets without donor restrictions. The governing board has the right to decide at any time to expend such funds.
- b. Net assets with donor restrictions are assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Church or by the passage of time. Some donor-imposed restrictions impose limits that are permanent.

King of Kings Lutheran Church and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2021 and 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure on contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Church considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statement of cash flows.

6. Cash Restricted by Donor

These funds have been restricted by donors for specific capital purchases and operating expenses.

7. Accounts Receivable

Management reviews receivables regularly to determine any amount that may not be collected based on prior collection history. Management considers all receivables as of December 31, 2021, to be 100% collectible; therefore, no allowance has been recorded. All receivables are due within one year.

8. Assets Limited as to Use

Assets limited as to use are recorded based on resolutions approved by the Board of Lay Ministry for designated purposes and reduced by expenditures for these purposes.

King of Kings Lutheran Church and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2021 and 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Property and Equipment

The Church maintains a capitalization policy of \$2,500. Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the following estimated useful lives of assets:

Land improvements	20 years
Furniture and equipment	3-10 years
Buildings	40 years
Building improvements	10 years

When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any resulting gain or loss on disposition is reflected in operations. Repairs and maintenance are expensed as incurred; expenditures for additions, improvements and replacements are capitalized.

All of the Church's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected future cash flows is less than the carrying amount of the asset, a loss is recognized.

10. Other Assets, Net

Other assets at December 31, 2021 include copyrights and trademarks relating to publishing activities. In accordance with Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and other Intangible Assets, these assets are not amortized but are assessed for impairment at least annually.

11. Deferred Revenue

Deferred revenue is recorded when payments for services are billed or received before they are earned.

King of Kings Lutheran Church and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2021 and 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

12. Revenue Recognition

All contributions are considered available for the Church's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as revenues with donor restrictions and increase the respective class of net assets. Contributions received with donor restrictions that are met in the same reporting period are reported as revenues without donor restrictions and increase the respective class of net assets.

Investment income that is limited to specific uses by donor restrictions is reported as increases in revenues without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Contract revenue related to tuition income is recognized monthly based on enrolled students; adjustments are made during the month for drop-in students. Families must give a 30-day notice to withdraw their child from the early childhood program to avoid charges for future months. Contract revenue related to warehouse rental income is recognized monthly according to the terms of the lease agreement.

13. Donor Restricted Gifts

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. The gifts are reported as net asset with donor restriction if received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as an increase in net assets without donor restrictions.

Gifts of cash that must be used to acquire long-lived assets are reported as net asset with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the acquired long-lived assets are placed into service.

King of Kings Lutheran Church and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2021 and 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. In-kind Contributions

In addition to receiving cash contributions, the Church occasionally receives in-kind contributions from various donors. It is the policy of the Church to record the estimated fair market value of certain in-kind donations as an asset or expense in its financial statements, and similarly increase donations by a like amount. A substantial number of volunteers have donated significant amounts of time to the Church's programs and supporting services.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the year ended December 31, 2021 and 2020, no substantial contributions of services or materials occurred, therefore, there were no amounts recorded for contributed services and materials.

15. Advertising

The Church expenses its advertising costs as incurred the first time the advertising takes place. Advertising expense was \$92,592 and \$46,432 in 2021 and 2020, respectively.

16. Income Taxes

King of Kings Lutheran Church, GEI, RLI and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 502(a) of the code.

17. Upcoming Accounting Standard Pronouncements

The FASB issued ASU No. 2016-02, Leases (Topic 842): a revision of the 2010 ASU, Leases (Topic 840), which once again revises a previous change to lease accounting standards. The FASB will require an entity to classify the right to use a leased asset as an asset and the obligation to make lease payments as a liability. The revised ASU contains other factors in determining the proper recording of related expenses. The new guidance is effective for fiscal years beginning after December 15, 2021

King of Kings Lutheran Church and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2021 and 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

17. Upcoming Accounting Standard Pronouncements – Continued

The FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This standard will require that not-for-profit entities present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, it will require enhanced disclosures. This new guidance is effect for fiscal years beginning after June 15, 2022

NOTE B. ASSETS LIMITED AS TO USE – BOARD DESIGNATIONS

The composition of assets limited as to use as of December 31, 2021 and 2020 is \$53,439 and \$41,439, respectively. This has been restricted by the board for the building reserve.

NOTE C. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2021 and 2020 is as follows:

	2021	2020
Land and land improvements	\$ 3,077,874	\$ 3,077,874
Furniture and equipment	1,929,049	1,729,603
Building and improvements	10,071,378	9,659,085
Less accumulated depreciation	(8,668,669)	(8,258,923)
Property and equipment, net	\$ 6,409,632	\$ 6,207,639

The Church owns approximately 38.5 acres of undeveloped land, with a cost of \$1,652,874, which is currently under contract to sell.

Depreciation expense of \$409,744 in 2021 and \$403,090 in 2020 is included in the consolidated statement of activities and changes in net assets.

NOTE D. OTHER ASSETS, NET

Other assets, net include trademarks and copyrights relating to publishing activities are \$9,009 as of December 31, 2021 and 2020.

King of Kings Lutheran Church and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2021 and 2020

NOTE E. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Restricted for use in 2022	\$ 214,500	\$ 237,240
Scholarships	330,535	314,208
Building improvement	945,391	330,202
Missions	619,544	717,095
Benevolence	119,570	72,904
Foundation	692	-
Miscellaneous	83,080	37,175
Total	<u>\$ 2,313,312</u>	<u>\$ 1,708,824</u>

Net assets released from restrictions as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Restricted for the following year's operations	\$ 237,240	\$ 14,200
Scholarships	41,376	51,900
Building improvement	711,030	157,202
Missions	1,355,782	323,184
Benevolence	28,385	69,672
Foundation	120	10,235
Miscellaneous	33,747	20,845
	<u>\$ 2,407,680</u>	<u>\$ 647,238</u>

NOTE F. RETIREMENT PLAN

The Church participates in a multi-employer pension plan administered by the Concordia Plan Services Lutheran Church Missouri Synod. This plan covers substantially all full-time ministry personnel and part-time ministry personnel working over 20 hours a week. The Church made contributions of \$169,583 and \$169,182 to this plan for the years ended December 31, 2021 and 2020, respectively.

King of Kings Lutheran Church and Affiliates
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
 For the years ended December 31, 2021 and 2020

NOTE F. RETIREMENT PLAN – CONTINUED

The Church also participates in a salary reduction contribution plan pursuant to Section 403(b) of the Internal Revenue Code, covering substantially all employees. Under the plan, employees contribute a specified percentage of their salary, or a fixed dollar amount, to the plan. The Church’s matching contribution is 50% of each participant’s contribution, up to 2% of each employee's salary. The Church’s matching contributions in 2021 and 2020 were \$37,929 and \$34,265 respectively.

NOTE G. CONCENTRATION OF CREDIT RISK

The Church is supported by contributions from the public. The Church's market is concentrated in the greater Omaha, Nebraska metropolitan area.

The basic federal deposit insurance coverage is \$250,000 per depositor. The Church, at times, maintains cash deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk relating to these deposits is minimal. As of December 31, 2021 there was \$10,845,767 of deposits in excess of FDIC insurance limits.

NOTE H. COMMITMENTS AND CONTINGENCIES

The Church has several operating leases for the use of copiers and a postage machine. The leases vary from three to five years. Lease expense for equipment for the years ended December 31, 2021 and 2020, were \$17,982 and \$16,284, respectively.

Amounts obligated under lease arrangements for future fiscal years are as follows:

Year ending December 31	Amount
2022	\$ 13,792
2023	9,194
Total	<u>\$ 22,986</u>

King of Kings Lutheran Church and Affiliates
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
 For the years ended December 31, 2021 and 2020

NOTE I. RENTAL INCOME

The Church is the lessor of certain space under various operating leases. Rental income is recorded monthly as earned. Rental income for the years ended December 31, 2021 and 2020, were \$478,369 and \$407,777, respectively. The future minimum rentals under these leases are as follows:

Year ending December 31	Amount
2022	\$ 632,656
2023	580,466
2024	564,862
2025	215,854
Total	\$ 1,993,838

NOTE J. FUNCTIONAL EXPENSE ALLOCATION

The Church provides ministry and education services. Accordingly, certain costs have been allocated among the programs and supporting services benefited solely based on the square footage of the office space occupied by the service.

Accordingly, certain costs have been allocated among the programs and supporting services benefited.

	2021	2020
Program services	\$ 6,713,785	\$ 5,482,863
General and administrative	959,379	665,693
	\$ 7,673,164	\$ 6,148,556

NOTE K. AVAILABILITY AND LIQUIDITY

The Church regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the use of its available funds. The Church has various sources of liquidity at its disposal, including cash and cash equivalents. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Church considers all expenditures related to its ongoing activities of program services, as well as, to support those activities to be general expenditures.

King of Kings Lutheran Church and Affiliates
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
 For the years ended December 31, 2021 and 2020

NOTE K. AVAILABILITY AND LIQUIDITY – CONTINUED

In addition to financial assets available to meet general expenditures over the next 12 months, the Church operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 are:

Financial assets at yearend:

Cash and cash equivalents	\$ 9,664,203
Cash restricted by donor	2,463,694
Cash designated by Board	53,439
Accounts receivable	<u>9,369</u>
Total financial assets	<u>\$ 12,190,705</u>

Less amounts not available to be used over the next 12 months:

Board designated funds	\$ (53,439)
Donor restricted for a specific purpose	<u>(2,313,312)</u>
	(2,366,751)
Financial assets available to meet general expenditures over the next 12 months	<u><u>\$ 9,823,954</u></u>

NOTE L. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 10, 2022 which is the date the financial statements were issued, and has concluded there were no events or transactions occurring between year end and this date that would require recognition or disclosure in the financial statements other than those already disclosed.

SUPPLEMENTAL INFORMATION

King of Kings Lutheran Church and Affiliates
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS	King of Kings Church	Glory Enterprises, Inc.	Royal Land, Inc.	King of Kings Foundation	The Core Center LLC	Eliminating Entries	Consolidated
CURRENT ASSETS							
Cash and cash equivalents	\$ 634,248	\$ 1	\$ 151,794	\$ 8,872,087	\$ 6,073	\$ -	\$ 9,664,203
Cash restricted by donor	2,082,037	95,031	-	286,626	-	-	2,463,694
Cash designated by board	53,439	-	-	-	-	-	53,439
Accounts receivable	8,352	-	-	692	325	-	9,369
Prepaid expenses	26,332	500	-	-	500	(6,000)	21,332
Total current assets	<u>2,804,408</u>	<u>95,532</u>	<u>151,794</u>	<u>9,159,405</u>	<u>6,898</u>	<u>(6,000)</u>	<u>12,212,037</u>
NONCURRENT ASSETS							
Capital assets, net	537,078	-	5,872,554	-	-	-	6,409,632
Other assets	-	9,009	-	-	-	-	9,009
Total noncurrent assets	<u>537,078</u>	<u>9,009</u>	<u>5,872,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,418,641</u>
Total assets	<u>\$ 3,341,486</u>	<u>\$ 104,541</u>	<u>\$ 6,024,348</u>	<u>\$ 9,159,405</u>	<u>\$ 6,898</u>	<u>\$ (6,000)</u>	<u>\$ 18,630,678</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable	\$ 304,613	\$ -	\$ 42,850	\$ -	\$ -	\$ -	\$ 347,463
Accrued salaries, vacation, and benefits payable	209,223	-	-	-	-	-	209,223
Deferred revenue	19,664	-	-	-	-	-	19,664
Line of credit	-	-	-	-	-	-	-
Total current liabilities	<u>533,500</u>	<u>-</u>	<u>42,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>576,350</u>
LONG-TERM LIABILITIES							
Other long-term liabilities	6,000	-	5,000	-	-	(6,000)	5,000
Total liabilities	<u>539,500</u>	<u>-</u>	<u>47,850</u>	<u>-</u>	<u>-</u>	<u>(6,000)</u>	<u>581,350</u>
NET ASSETS							
Net assets without donor restrictions	870,331	9,510	5,976,498	8,872,779	6,898	-	15,736,016
Net assets with donor restrictions	1,931,655	95,031	-	286,626	-	-	2,313,312
Total net assets	<u>2,801,986</u>	<u>104,541</u>	<u>5,976,498</u>	<u>9,159,405</u>	<u>6,898</u>	<u>-</u>	<u>18,049,328</u>
Total liabilities and net assets	<u>\$ 3,341,486</u>	<u>\$ 104,541</u>	<u>\$ 6,024,348</u>	<u>\$ 9,159,405</u>	<u>\$ 6,898</u>	<u>\$ (6,000)</u>	<u>\$ 18,630,678</u>

See independent auditor's report.

King of Kings Lutheran Church and Affiliates
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS	King of Kings Church	Glory Enterprises, Inc.	Royal Land, Inc.	King of Kings Foundation	The Core Center LLC	Elimination Entries	Consolidated
CURRENT ASSETS							
Cash and cash equivalents	\$ 767,164	\$ 181	\$ 156,210	\$ 10,915,796	\$ 1,803	\$ -	\$ 11,841,154
Cash restricted by donor	1,322,309	142,990	-	243,925	-	-	1,709,224
Cash designated by board	41,439	-	-	-	-	-	41,439
Accounts receivable	14,084	-	-	-	-	-	14,084
Prepaid expenses	11,910	500	-	-	-	(5,500)	6,910
Total current assets	<u>2,156,906</u>	<u>143,671</u>	<u>156,210</u>	<u>11,159,721</u>	<u>1,803</u>	<u>(5,500)</u>	<u>13,612,811</u>
NONCURRENT ASSETS							
Capital assets, net	442,952	-	5,764,687	-	-	-	6,207,639
Other assets	-	9,009	-	-	-	-	9,009
Total noncurrent assets	<u>442,952</u>	<u>9,009</u>	<u>5,764,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,216,648</u>
Total assets	<u>\$ 2,599,858</u>	<u>\$ 152,680</u>	<u>\$ 5,920,897</u>	<u>\$ 11,159,721</u>	<u>\$ 1,803</u>	<u>\$ (5,500)</u>	<u>\$ 19,829,459</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable	\$ 102,887	\$ -	\$ 2,534	\$ -	\$ -	\$ -	\$ 105,421
Accrued salaries, vacation, and benefits payable	159,561	-	-	-	-	-	159,561
Deferred revenue	19,989	-	-	-	-	-	19,989
Line of Credit	-	-	-	-	-	-	-
Total current liabilities	<u>282,437</u>	<u>-</u>	<u>2,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,971</u>
LONG-TERM LIABILITIES							
Other long-term liabilities	5,500	-	5,000	-	-	(5,500)	5,000
Total liabilities	<u>287,937</u>	<u>-</u>	<u>7,534</u>	<u>-</u>	<u>-</u>	<u>(5,500)</u>	<u>289,971</u>
NET ASSETS							
Net assets without donor restrictions	990,012	9,690	5,913,363	10,915,796	1,803	-	17,830,664
Net assets with donor restrictions	1,321,909	142,990	-	243,925	-	-	1,708,824
Total net assets	<u>2,311,921</u>	<u>152,680</u>	<u>5,913,363</u>	<u>11,159,721</u>	<u>1,803</u>	<u>-</u>	<u>19,539,488</u>
Total liabilities and net assets	<u>\$ 2,599,858</u>	<u>\$ 152,680</u>	<u>\$ 5,920,897</u>	<u>\$ 11,159,721</u>	<u>\$ 1,803</u>	<u>\$ (5,500)</u>	<u>\$ 19,829,459</u>

See independent auditor's report.

King of Kings Lutheran Church and Affiliates
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2021

	King of Kings Lutheran Church			Glory Enterprises, Inc.			RLI Without Donor Restrictions	King of Kings Foundation			The Core Center LLC		Eliminating Entries	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total KOK	Without Donor Restrictions	With Donor Restrictions	Total GEI		Without Donor Restrictions	With Donor Restrictions	Total KOK - Foundation	Without Donor Restrictions	Total The Core		
REVENUE, SUPPORT, AND RECLASSIFICATION														
Contributions/offerings	\$ 3,603,058	\$ 862,493	\$ 4,465,551	\$ -	\$ 16,006	\$ 16,006	\$ -	\$ 270	\$ -	\$ 270	\$ -	\$ -	\$ -	\$ 4,481,827
Tuition	1,063,262	-	1,063,262	-	-	-	-	-	-	-	-	-	-	1,063,262
Property rental	464,044	-	464,044	-	-	-	6,000	-	-	-	17,225	17,225	(8,900)	478,369
Investment/interest	9,676	6,737	16,413	115	-	115	146	8,424	42,701	51,125	-	-	-	67,799
Conferences/events	8,104	34,231	42,335	-	-	-	-	-	-	-	-	-	-	42,335
Publishing sales	-	-	-	2,241	-	2,241	-	-	-	-	-	-	-	2,241
Other operating revenue	62,371	-	62,371	-	-	-	-	-	-	-	-	-	(15,200)	47,171
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	2,343,715	(2,343,715)	-	63,965	(63,965)	-	-	-	-	-	-	-	-	-
Total revenue, support, and reclassification	7,554,230	(1,440,254)	6,113,976	66,321	(47,959)	18,362	6,146	8,694	42,701	51,395	17,225	17,225	(24,100)	6,183,004
EXPENSES														
Program services	6,632,992	-	6,632,992	60,553	-	60,553	-	2,523	-	2,523	41,817	41,817	(24,100)	6,713,785
Management and general	587,814	-	587,814	5,948	-	5,948	355,304	-	-	-	10,313	10,313	-	959,379
Total expenses	7,220,806	-	7,220,806	66,501	-	66,501	355,304	2,523	-	2,523	52,130	52,130	(24,100)	7,673,164
CHANGE IN NET ASSETS	333,424	(1,440,254)	(1,106,830)	(180)	(47,959)	(48,139)	(349,158)	6,171	42,701	48,872	(34,905)	(34,905)	-	(1,490,160)
INTERCOMPANY TRANSFER TO (FROM) AFFILIATE	(453,105)	2,050,000	1,596,895	-	-	-	412,293	(2,049,188)	-	(2,049,188)	40,000	40,000	-	-
CHANGE IN NET ASSETS	(119,681)	609,746	490,065	(180)	(47,959)	(48,139)	63,135	(2,043,017)	42,701	(2,000,316)	5,095	5,095	-	(1,490,160)
NET ASSETS, BEGINNING OF YEAR	990,012	1,321,909	2,311,921	9,690	142,990	152,680	5,913,363	10,915,796	243,925	11,159,721	1,803	1,803	-	19,539,488
NET ASSETS, END OF YEAR	\$ 870,331	\$ 1,931,655	\$ 2,801,986	\$ 9,510	\$ 95,031	\$ 104,541	\$ 5,976,498	\$ 8,872,779	\$ 286,626	\$ 9,159,405	\$ 6,898	\$ 6,898	\$ -	\$ 18,049,328

See independent auditor's report.

King of Kings Lutheran Church and Affiliates
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2020

	King of Kings Lutheran Church			Glory Enterprises, Inc.			RLI	King of Kings Foundation			The Core Center LLC		Elimination Entries	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total KOK	Without Donor Restrictions	With Donor Restrictions	Total GEI	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total KOK - Foundation	Without Donor Restrictions	Total The Core		
REVENUE, SUPPORT, AND RECLASSIFICATION														
Contributions/offerings	\$ 3,293,353	\$ 450,082	\$ 3,743,435	\$ -	\$ 47,202	\$ 47,202	\$ -	\$ 390	\$ -	\$ 390	\$ 5,000	\$ 5,000	\$ -	\$ 3,796,027
Tuition	972,887	-	972,887	-	-	-	-	-	-	-	-	-	-	972,887
Property rental	370,819	-	370,819	-	-	-	40,933	-	-	-	10,425	10,425	(14,400)	407,777
Investment/interest	2,778	12,622	15,400	-	249	249	239	17,620	28,601	46,221	-	-	-	62,109
Conferences/events	7,708	11,602	19,310	-	-	-	-	-	-	-	-	-	-	19,310
Publishing sales	-	-	-	2,954	-	2,954	-	-	-	-	-	-	-	2,954
Other operating revenue	667,741	-	667,741	-	-	-	-	-	-	-	-	-	(15,200)	652,541
Gain on sale of assets	-	-	-	-	-	-	8,260,083	-	-	-	-	-	-	8,260,083
Net assets released from restrictions	552,918	(552,918)	-	94,320	(94,320)	-	-	-	-	-	-	-	-	-
Total revenue, support, and reclassification	5,868,204	(78,612)	5,789,592	97,274	(46,869)	50,405	8,301,255	18,010	28,601	46,611	15,425	15,425	(29,600)	14,173,688
EXPENSES														
Program Services	4,605,132	-	4,605,132	99,959	-	99,959	744,039	418	-	418	62,915	62,915	(29,600)	5,482,863
Management and General	563,982	-	563,982	-	-	-	101,711	-	-	-	-	-	-	665,693
Total expenses	5,169,114	-	5,169,114	99,959	-	99,959	845,750	418	-	418	62,915	62,915	(29,600)	6,148,556
CHANGE IN NET ASSETS	699,090	(78,612)	620,478	(2,685)	(46,869)	(49,554)	7,455,505	17,592	28,601	46,193	(47,490)	(47,490)	-	8,025,132
INTERCOMPANY TRANSFER TO (FROM) AFFILIATE	(207,463)	950,000	742,537	-	-	-	(11,616,060)	10,827,137	-	10,827,137	46,386	46,386	-	-
CHANGE IN NET ASSETS	491,627	871,388	1,363,015	(2,685)	(46,869)	(49,554)	(4,160,555)	10,844,729	28,601	10,873,330	(1,104)	(1,104)	-	8,025,132
NET ASSETS, BEGINNING OF YEAR	498,385	450,521	948,906	12,375	189,859	202,234	10,073,918	71,067	215,324	286,391	2,907	2,907	-	11,514,356
NET ASSETS, END OF YEAR	\$ 990,012	\$ 1,321,909	\$ 2,311,921	\$ 9,690	\$ 142,990	\$ 152,680	\$ 5,913,363	\$ 10,915,796	\$ 243,925	\$ 11,159,721	\$ 1,803	\$ 1,803	\$ -	\$ 19,539,488

See independent auditor's report.

King of Kings Lutheran Church and Affiliates
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSE
For the year ended December 31, 2021

	King of Kings Lutheran Church			Consolidating Entities			Elimination Entries	Program Services Consolidated	Management and General Consolidated	Total Expense
	Program Services	Management and General	Total	Program Services	Management and General	Total				
Wages and salaries	\$ 2,774,853	\$ 245,225	\$ 3,020,078	\$ 67,897	\$ -	\$ 67,897	\$ -	\$ 2,842,750	\$ 245,225	\$ 3,087,975
Payroll taxes	142,418	18,371	160,789	1,481	-	1,481	-	143,899	18,371	162,270
Employee benefits	506,089	20,142	526,231	12,281	-	12,281	-	518,370	20,142	538,512
Training & education	32,301	168	32,469	-	-	-	-	32,301	168	32,469
Ministry food & supplies	223,174	59	223,233	12,700	-	12,700	-	235,874	59	235,933
Ministry technology services & fees	40,414	12,123	52,537	-	-	-	-	40,414	12,123	52,537
Honorariums, consulting, recognition	58,805	33,413	92,218	6,847	-	6,847	-	65,652	33,413	99,065
Scholarships	38,876	-	38,876	2,500	-	2,500	-	41,376	-	41,376
Benevolence	28,385	-	28,385	-	-	-	-	28,385	-	28,385
Event fees	81,671	-	81,671	-	-	-	-	81,671	-	81,671
Promotions	92,592	-	92,592	-	-	-	-	92,592	-	92,592
Office supplies & paper	9,587	-	9,587	-	-	-	-	9,587	-	9,587
Missions	1,795,575	-	1,795,575	505	-	505	-	1,796,080	-	1,796,080
Postage & shipping	6,550	894	7,444	659	-	659	-	7,209	894	8,103
Telephone & fax	16,919	2,307	19,226	-	-	-	-	16,919	2,307	19,226
IT support	33,566	4,577	38,143	-	-	-	-	33,566	4,577	38,143
Bank & transaction processing fees	17,104	29,662	46,766	-	-	-	-	17,104	29,662	46,766
Professional fees	33,623	4,585	38,208	23	16,390	16,413	(15,200)	18,446	20,975	39,421
Recruiting & moving	300	-	300	-	-	-	-	300	-	300
Equipment purchases, rental & maintenance	107,294	-	107,294	-	7,900	7,900	(8,900)	98,394	7,900	106,294
Building repair & maintenance	108,563	9,349	117,912	-	-	-	-	108,563	9,349	117,912
Building cleaning & janitorial	74,692	10,185	84,877	-	-	-	-	74,692	10,185	84,877
Building heating & cooling	27,914	3,806	31,720	-	-	-	-	27,914	3,806	31,720
Building security & fire	27,287	3,946	31,233	-	-	-	-	27,287	3,946	31,233
Utilities	174,110	23,742	197,852	-	-	-	-	174,110	23,742	197,852
Property taxes	-	65,062	65,062	-	42,850	42,850	-	-	107,912	107,912
Property & liability insurance	-	75,608	75,608	-	-	-	-	-	75,608	75,608
Grounds maintenance	83,180	11,343	94,523	-	-	-	-	83,180	11,343	94,523
Vehicle repair & maintenance	4,469	609	5,078	-	-	-	-	4,469	609	5,078
Depreciation expense	92,681	12,638	105,319	-	304,425	304,425	-	92,681	317,063	409,744
	<u>\$ 6,632,992</u>	<u>\$ 587,814</u>	<u>\$ 7,220,806</u>	<u>\$ 104,893</u>	<u>\$ 371,565</u>	<u>\$ 476,458</u>	<u>\$ (24,100)</u>	<u>\$ 6,713,785</u>	<u>\$ 959,379</u>	<u>\$ 7,673,164</u>

See independent auditor's report.