

**KINGDOM HOUSE
D/B/A LIFEWISE STL
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

Kingdom House
d/b/a LifeWise STL

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Independent Auditors' Report

To the Board of Directors of
Kingdom House
d/b/a LifeWise STL
St. Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Kingdom House d/b/a LifeWise STL (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kingdom House d/b/a LifeWise STL as of December 31, 2020 and 2019, 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.

Schmeyerall Treloar & Co., PC

St. Louis, Missouri
June 28, 2021

FINANCIAL STATEMENTS

Kingdom House
d/b/a Lifewise STL
STATEMENTS OF FINANCIAL POSITION

ASSETS		December 31,	
		2020	2019
CURRENT ASSETS			
Cash and cash equivalents	\$	296,768	\$ 82,758
Accounts receivable		409,249	606,134
United Way receivable		427,834	534,792
Pledges - capital campaign, net of long term portion		11,000	58,250
Prepaid expenses		10,979	11,022
Total Current Assets		1,155,830	1,292,956
PLEDGES - CAPITAL CAMPAIGN, net of discount		-	440
INVESTMENTS		496,671	417,179
PROPERTY AND EQUIPMENT, net of accumulated depreciation		1,346,991	1,443,303
TOTAL ASSETS	\$	2,999,492	\$ 3,153,878
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	113,471	\$ 163,370
Line of credit		-	130,000
Current maturities of long-term debt		20,547	23,337
Accrued expenses		200,152	148,837
Custodial funds		50,047	27,890
Total Current Liabilities		384,217	493,434
LONG-TERM DEBT		575,222	595,902
Total Liabilities		959,439	1,089,336
NET ASSETS			
Without donor restrictions			
Undesignated		719,561	569,691
Board designated		317,568	270,205
Total Net Assets Without Donor Restrictions		1,037,129	839,896
With donor restrictions			
Purpose restrictions		122,863	209,043
Time-restricted for future periods		633,692	771,552
Perpetual in nature		246,369	244,051
Total Net Assets With Donor Restrictions		1,002,924	1,224,646
Total Net Assets		2,040,053	2,064,542
TOTAL LIABILITIES AND NET ASSETS	\$	2,999,492	\$ 3,153,878

See accompanying notes to financial statements

Kingdom House
d/b/a LifeWise STL
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Support						
Contributions	\$ 1,408,385	\$ -	\$ 1,408,385	\$ 886,089	\$ -	\$ 886,089
Grants	819,055	543,767	1,362,822	710,679	558,043	1,268,722
United Way	5,332	427,834	433,166	3,060	534,792	537,852
Pledges - capital campaign	35,060	-	35,060	58,094	47,500	105,594
Special events (net of expenses of \$8,376 and \$47,842 respectively)	42,694	-	42,694	43,937	-	43,937
Net assets released from restrictions	1,197,066	(1,197,066)	-	1,126,506	(1,126,506)	-
Total Support	3,507,592	(225,465)	3,282,127	2,828,365	13,829	2,842,194
Revenue						
Government agency fees	997,269	-	997,269	1,166,101	-	1,166,101
Program service fees	30,683	-	30,683	80,636	-	80,636
Investment income	3,331	231	3,562	4,037	311	4,348
Net unrealized and realized gains	49,253	3,512	52,765	56,811	4,471	61,282
Paycheck protection program grant	528,283	-	528,283	-	-	-
Miscellaneous	14,567	-	14,567	17,650	-	17,650
Total Revenue	1,623,386	3,743	1,627,129	1,325,235	4,782	1,330,017
Total Support and Revenue	5,130,978	(221,722)	4,909,256	4,153,600	18,611	4,172,211
EXPENSES						
Program services	4,153,727	-	4,153,727	3,385,951	-	3,385,951
Supporting services	780,018	-	780,018	807,943	-	807,943
Total Expenses	4,933,745	-	4,933,745	4,193,894	-	4,193,894
CHANGE IN NET ASSETS	197,233	(221,722)	(24,489)	(40,294)	18,611	(21,683)
NET ASSETS, Beginning of year	839,896	1,224,646	2,064,542	880,190	1,206,035	2,086,225
NET ASSETS, End of year	\$ 1,037,129	\$ 1,002,924	\$ 2,040,053	\$ 839,896	\$ 1,224,646	\$ 2,064,542

See accompanying notes to financial statements

Kingdom House
d/b/a LifeWise STL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services					Supporting Services				
	Day Care	Youth Social Development	Elderly Services	Core Social Services	Total Program Services	Management and General	Fundraising	Volunteers	Total Supporting Services	Total
Salaries	\$ 730,694	\$ 515,430	\$ 128,633	\$ 396,059	\$ 1,770,816	\$ 264,983	\$ 96,267	\$ 132,354	\$ 493,604	\$ 2,264,420
Employee benefits	120,990	85,347	21,299	65,581	293,217	43,877	15,940	21,916	81,733	374,950
Payroll taxes	50,379	35,537	8,869	27,307	122,092	18,270	6,637	9,125	34,032	156,124
Assistance to individuals	439	74,761	97,673	1,018,635	1,191,508	2,024	-	-	2,024	1,193,532
Conferences and meetings	4,053	5,811	4,293	7,117	21,274	2,053	561	701	3,315	24,589
Depreciation	43,889	30,762	7,719	23,842	106,212	14,945	6,102	11,865	32,912	139,124
Information technology	23,562	17,599	4,516	16,602	62,279	8,616	5,214	5,856	19,686	81,965
Interest	6,555	4,580	1,165	3,543	15,843	2,364	890	2,874	6,128	21,971
Local transportation	45	14,347	8,118	1,394	23,904	1,113	7	7	1,127	25,031
Miscellaneous	7,265	4,383	3,900	3,941	19,489	22,478	2,031	538	25,047	44,536
Occupancy costs	74,624	72,363	20,352	22,614	189,953	18,091	13,568	4,523	36,182	226,135
Postage and shipping	1,710	1,598	613	1,068	4,989	588	1,802	282	2,672	7,661
Print and publications	8,732	8,624	2,231	4,689	24,276	2,706	1,257	1,508	5,471	29,747
Professional fees and contracted services	20,663	29,686	9,818	47,498	107,665	8,195	2,892	3,265	14,352	122,017
Supplies	88,604	89,025	4,219	10,126	191,974	6,329	8,438	4,219	18,986	210,960
Telephone	3,374	2,415	598	1,849	8,236	1,701	452	594	2,747	10,983
Total expenses included on the statement of activities	<u>1,185,578</u>	<u>992,268</u>	<u>324,016</u>	<u>1,651,865</u>	<u>4,153,727</u>	<u>418,332</u>	<u>162,058</u>	<u>199,627</u>	<u>780,018</u>	<u>4,933,745</u>
Special event expenses										<u>8,376</u>
Total Expenses										<u>\$ 4,942,121</u>

Kingdom House
d/b/a LifeWise STL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services					Supporting Services				
	Day Care	Youth Social Development	Elderly Services	Core Social Services	Total Program Services	Management and General	Fundraising	Volunteers	Total Supporting Services	Total
Salaries	\$ 759,327	\$ 629,034	\$ 117,397	\$ 327,591	\$ 1,833,349	\$ 238,103	\$ 106,548	\$ 127,537	\$ 472,188	\$ 2,305,537
Employee benefits	116,597	48,582	19,433	25,910	210,521	87,448	19,433	6,478	113,359	323,880
Payroll taxes	55,916	46,322	8,645	24,124	135,007	17,534	7,846	9,392	34,772	169,779
Assistance to individuals	95	96,314	65,813	94,904	257,126	900	-	-	900	258,026
Conferences and meetings	5,602	17,125	6,382	15,769	44,878	1,145	1,815	1,329	4,289	49,167
Depreciation	42,483	35,060	6,553	18,299	102,395	13,224	5,972	11,336	30,532	132,927
Information technology	26,552	22,522	6,272	21,908	77,254	9,610	5,154	5,642	20,406	97,660
Interest	12,446	10,225	1,900	5,517	30,088	3,882	1,750	4,514	10,146	40,234
Local transportation	202	34,549	23,736	1,565	60,052	590	192	489	1,271	61,323
Miscellaneous	4,964	8,262	5,467	4,293	22,986	26,663	2,473	540	29,676	52,662
Occupancy costs	63,816	61,882	17,404	19,338	162,440	15,471	11,603	3,868	30,942	193,382
Postage and shipping	1,721	2,076	314	749	4,860	527	720	288	1,535	6,395
Print and publications	9,736	9,501	2,173	4,307	25,717	2,710	1,358	1,645	5,713	31,430
Professional fees and contracted services	30,057	57,000	13,492	37,909	138,458	15,077	3,653	4,294	23,024	161,482
Supplies	125,483	126,081	5,975	14,341	271,880	8,963	11,951	5,975	26,889	298,769
Telephone	3,712	3,063	573	1,592	8,940	1,156	522	623	2,301	11,241
Total expenses included on the statement of activities	<u>1,258,709</u>	<u>1,207,598</u>	<u>301,529</u>	<u>618,116</u>	<u>3,385,951</u>	<u>443,003</u>	<u>180,990</u>	<u>183,950</u>	<u>807,943</u>	<u>4,193,894</u>
Special event expenses										<u>47,842</u>
Total Expenses										<u>\$ 4,241,736</u>

See accompanying notes to financial statements

Kingdom House
d/b/a LifeWise STL
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 24,489)	(\$ 21,683)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	139,124	132,927
In-kind contribution capitalized	-	(69,000)
Net unrealized and realized (gains)	(52,765)	(61,282)
(Increase) decrease in assets:		
Accounts receivable	196,885	2,710
United Way receivable	106,958	16,716
Pledges - capital campaign, net of discount	47,690	(19,631)
Prepaid expenses	43	3,676
Increase (decrease) in liabilities:		
Accounts payable	(49,899)	18,514
Accrued expenses	51,315	18,239
Custodial funds	22,157	22,270
Net Change in Cash from Operating Activities	<u>437,019</u>	<u>43,456</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(42,812)	(24,537)
Proceeds from sale of investments	16,705	16,104
Purchases of investments	(43,432)	(4,277)
Net Change in Cash from Investing Activities	<u>(69,539)</u>	<u>(12,710)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	(130,000)	5,400
Payments on long-term debt	(23,470)	(12,743)
Net Change in Cash from Financing Activities	<u>(153,470)</u>	<u>(7,343)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	214,010	23,403
CASH AND CASH EQUIVALENTS, Beginning of year	<u>82,758</u>	<u>59,355</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 296,768</u>	<u>\$ 82,758</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 21,971</u>	<u>\$ 40,234</u>

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Kingdom House d/b/a LifeWise STL (the “Organization”) is a neighborhood social service center which has been serving residents of the near south side of St. Louis since 1902 and is a United Way member agency. The Organization’s building facilities and staff resources are directed toward organizing groups of residents to develop resources to meet their needs, problems, and mutual concerns. Of prime concern is the provision of social and community services for families, children and individuals under stress, including child day care, education, recreation, counseling, assistance with vocational training, and employment opportunities and direct material relief. In June 2019, Kingdom House began operating under the business name LifeWise STL.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

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 such assets be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash deposits in bank accounts which at times may exceed federally insured limits of up to \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. There were no uninsured cash balances at December 31, 2020 and 2019.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Accounts Receivable

Accounts receivable is carried net of allowance for doubtful accounts. The allowance for doubtful accounts is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. No allowance was deemed necessary as of December 31, 2020 and 2019.

Investments

The Organization carries investments in marketable securities with readily determinable fair values at their quoted fair values in the Statements of Financial Position. Net investment return is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

Property and Equipment

Property and equipment are valued at cost. Donated assets are recorded at their estimated fair market value when received. Depreciation is computed using the straight-line method as follows:

Building and improvements	10 – 50 Years
Machinery and equipment	3 – 25 Years

Expenditures for maintenance and repairs are charged to operations when incurred. Expenditures for improvements and major rehabilitations that extend the useful life of an asset are capitalized.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measureable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions and Pledges

Contributions and pledges are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Restricted amounts which are received and expended in the same fiscal year are reported as increases in net assets without donor restrictions.

Grants and Government Agency Fees

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contacts or grant provisions.

Special Events Revenue

The portion of ticket sales and sponsorship revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

Functional Expenses

The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain expenses have been allocated among the programs and supporting services benefited based on employees time and effort.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from these estimates.

Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivable, United Way receivable, current portion of pledges receivable – capital campaign, prepaid expenses, accounts payable, accrued expenses, and custodial funds reported in the Statements of Financial Position approximate fair value due to the short-term maturities of those instruments.

Custodial Funds

The Organization acts as the fiscal agent and has received funds on behalf of the Greater St. Louis Federation of Settlement Houses and the Gateway Welcome Project. These funds are segregated in the books and records of the Organization and are included in cash and cash equivalents at December 31, 2020 and 2019.

Donated Property, Materials, and Services

Certain donated property and materials are recorded as contributions at their fair market value at the date of receipt. Food donated to the Organization's pantry was valued at \$175,367 and \$10,289 for the years ended December 31, 2020 and 2019, respectively.

In-kind services were received from professional organizations related to fence and parking lot repairs during 2019. These in-kind services totaled \$69,000 for the year ended December 31, 2019 and are reflected in contributions on the Statements of Activities and capitalized in property and equipment on the Statements of Financial Position. No in-kind services were received during 2020.

A substantial number of volunteers have donated significant amounts of their time and materials in the Organization's program services and special events. No amounts have been recorded for donated services as no objective basis is available to measure the value of such services.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Taxes

The Organization qualifies as a nonprofit and religious organization and is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization does not have unrelated business income, excise taxes, or activities that would threaten the Organization's tax-exempt status. Accordingly, no provision for federal or state income taxes is provided. The Organization files an information return, IRS Form 990. The Organization's tax returns for tax years 2017 and later remain subject to examination by taxing authorities.

The Organization adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax positions of the Organization related to tax filings.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 28, 2021, the date the financial statements were available to be issued.

B. **PLEDGES – CAPITAL CAMPAIGN**

Pledges – capital campaign at December 31, are as follows:

	2020	2019
Receivable in less than one year	\$11,000	\$58,250
Receivable in one to five years	-	500
Less: discount (2.6%) to net present value	(-)	(60)
Total Pledges – Capital Campaign, net	<u>\$11,000</u>	<u>\$58,690</u>

C. **INVESTMENTS**

The Organization's investments are stated at fair value and consist of pooled investments in the Missouri United Methodist Foundation Investment Pool. Currently the pools are invested in various mutual funds which are diversified over many investment strategies.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019
(Continued)

C. **INVESTMENTS** (Continued)

Investments for the year ended December 31, 2020 are as follows:

	Cost	Fair Value	Unrealized Appreciation
Pooled Balanced Investment Fund			
The Hough Fund	\$ 21,732	\$ 25,521	\$ 3,789
Howard May Endowment Fund	112,883	137,651	24,768
Lions Club Endowment Fund	30,120	32,630	2,510
Salem-in-Ladue Endowment Fund	266,500	270,987	4,487
Kingdom House Endowment Fund	28,063	29,882	1,819
Total Investments	<u>\$459,298</u>	<u>\$496,671</u>	<u>\$37,373</u>

During the year ended December 31, 2014, upon approval by the Board of Directors and in accordance with language included in the Endowment document the Organization internally borrowed \$100,000 from the Salem-in-Ladue Endowment Fund and \$100,000 from the Kingdom House Endowment Fund to purchase two buildings. During the year ended December 31, 2016, the Organization internally borrowed \$65,000 from the Salem-in-Ladue Endowment Fund to fund current operations, this amount was paid back during the year ended December 31, 2017. For the year ended December 31, 2018, \$80,000 was paid back into the Salem-in-Ladue Endowment Fund. For the year ended December 31, 2020, the remaining balance of \$20,000 was paid back to the Salem-in-Ladue Fund. The Organization expects to repay the remaining borrowings when funds become available.

Investment return for the year ended December 31, 2020 is summarized as follows:

Investment income	\$ 3,562
Net unrealized and realized gains	<u>52,765</u>
Total Investment Return	<u>\$56,327</u>

Investments for the year ended December 31, 2019 are as follows:

	Cost	Fair Value	Unrealized Appreciation
Pooled Balanced Investment Fund			
The Hough Fund	\$ 1,015	\$ 3,235	\$ 2,220
Howard May Endowment Fund	104,906	127,923	23,017
Lions Club Endowment Fund	27,980	30,312	2,332
Salem-in-Ladue Endowment Fund	223,739	227,810	4,071
Kingdom House Endowment Fund	26,192	27,899	1,707
Total Investments	<u>\$383,832</u>	<u>\$417,179</u>	<u>\$33,347</u>

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019
(Continued)

C. **INVESTMENTS** (Continued)

Investment return for the year ended December 31, 2019 is summarized as follows:

Investment income	\$ 4,348
Net unrealized and realized gains	<u>61,282</u>
Total Investment Return	<u>\$65,630</u>

D. **FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis are as follows:

	<u>Fair Value Measurements at Reporting Date Using:</u>			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2020</u>				
Pooled balanced investment fund	\$496,671	\$ -	\$496,671	\$ -

	<u>Fair Value Measurements at Reporting Date Using:</u>			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2019</u>				
Pooled balanced investment fund	\$417,179	\$ -	\$417,179	\$ -

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on assumptions about the marketability of the assets. The Organization has no Level 3 assets.

Kingdom House
d/b/a LifeWise STL
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E. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>December 31.</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 157,936	\$ 157,936
Buildings and improvements	2,361,371	2,361,371
Machinery and equipment	<u>598,994</u>	<u>556,182</u>
	3,118,301	3,075,489
Less: accumulated depreciation	<u>1,771,310</u>	<u>1,632,186</u>
Total Property and Equipment, net of accumulated depreciation	<u>\$1,346,991</u>	<u>\$1,443,303</u>

Depreciation expense at December 31, 2020 and 2019 was \$139,124 and \$132,927, respectively.

F. LINE OF CREDIT

The Organization has a \$200,000 revolving line of credit agreement with a bank, which is collateralized by a Deed of Trust on a building. The line of credit expires November 8, 2021. Interest is payable at the prime rate 3.25%. The outstanding balance at December 31, 2020 and 2019 was \$ - and \$130,000, respectively.

G. LONG-TERM DEBT

During the year ended December 31, 2019, the Organization refinanced a note with Busey Bank through Carrollton Bank, collateralized by certain real estate. The note is payable in monthly installments of \$3,399 through November 2020 including interest at 2.81%, monthly installments of \$3,894 through May 2023 including interest at 4.40%, and monthly instalments of \$4,009 through October 2024 including interest at 4.80%. The remaining balance of the note is due November 2024.

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G. **LONG-TERM DEBT** (Continued)

The aggregate maturities of long-term debt as of December 31, 2020 are:

<u>Year</u>	<u>Amount</u>
2021	\$ 20,547
2022	21,482
2023	21,983
2024	<u>531,757</u>
	<u>\$595,769</u>

Total interest expense from all sources for the years ended December 31, 2020 and 2019, was \$21,971 and \$40,234, respectively.

H. **ENDOWMENT NET ASSETS**

The Organization has adopted provisions of ASC 958-205-50-1B, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA)*, and *Enhanced Disclosures for All Endowment Funds*. ASC 958-205-50-1B provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization.

The Kingdom House Endowment Fund consists of individual funds established including both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Effective August 28, 2009, the State of Missouri enacted UPMIFA. UPMIFA requires the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as donor-restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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H. **ENDOWMENT NET ASSETS** (Continued)

Investment Return Objectives, Risk Parameters, and Strategies: The Organization has adopted an investment policy, approved by the Board of Directors, for endowment assets to provide a clear understanding of the investment philosophy and objectives regarding the investment of funds of the Organization. Accordingly, the primary investment objectives of the board designated endowment funds are to balance growth and income while minimizing risk over an intermediate term time horizon. The primary investment objectives of the perpetual endowment funds are growth and income, to maximize total return and to minimize the risk of loss over a longer term time horizon. Endowment assets are invested in a diversified asset mix, which can include cash & cash equivalents, equities, and fixed income securities. The endowment funds have asset allocation targets of equities between 35% and 65% and fixed income between 35% and 65%.

The Organization's investment performance is evaluated on a 3 and 5 year time horizon against peer universes and index benchmarks. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board designated funds.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature, if any, reduce unrestricted net assets. These deficiencies could result from unfavorable market fluctuations on invested restricted contributions. There were no deficiencies at December 31, 2020 and 2019.

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	2020 Endowment Funds		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted perpetual endowment funds	\$ -	\$ 246,369	\$ 246,369
Board designated endowment funds	317,568	-	317,568
Endowment net assets, end of year	<u>\$ 317,568</u>	<u>\$ 246,369</u>	<u>\$ 563,937</u>

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H. ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets as of December 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 270,205	\$ 244,051	\$ 514,256
Contributions	20,000	-	20,000
Investment income, net of fees	3,197	231	3,428
Net realized and unrealized losses	49,253	3,512	52,765
Amounts appropriated for expenditure	(25,087)	(1,425)	(26,512)
Endowment net assets, end of year	<u>\$ 317,568</u>	<u>\$ 246,369</u>	<u>\$ 563,937</u>

Endowment net asset composition by type of fund as of December 31, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted perpetual endowment funds	\$ -	\$ 244,051	\$ 244,051
Board designated endowment funds	270,205	-	270,205
Endowment net assets, end of year	<u>\$ 270,205</u>	<u>\$ 244,051</u>	<u>\$ 514,256</u>

Changes in endowment net assets as of December 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 238,213	\$ 240,687	\$ 478,900
Investment income, net of fees	3,966	311	4,277
Net realized and unrealized gains	56,811	4,471	61,282
Amounts appropriated for expenditure	(28,785)	(1,418)	(30,203)
Endowment net assets, end of year	<u>\$ 270,205</u>	<u>\$ 244,051</u>	<u>\$ 514,256</u>

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I. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2020</u>	<u>2019</u>
Subject to expenditure for a specific purpose:		
Campaign pledges	\$ 11,000	\$ 58,690
Other Programs	<u>111,863</u>	<u>150,353</u>
	<u>122,863</u>	<u>209,043</u>
Subject to passage of time		
United Way	427,834	534,792
Other Programs	<u>205,858</u>	<u>236,760</u>
	<u>633,692</u>	<u>771,552</u>
Subject to the Organization's spending policy and appropriation:		
Original donor-restricted gift amount and amount required to be maintained by donor	232,359	232,359
Accumulated Gain	<u>14,010</u>	<u>11,692</u>
	<u>246,369</u>	<u>244,051</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,002,924</u>	<u>\$ 1,224,646</u>

Net assets with donor restrictions are reclassified to net assets without donor restrictions when the time restriction expires or the funds are utilized for the restricted purpose.

Net assets with donor restrictions that are perpetual in nature consist of a portion of the Howard May Endowment, a gift instrument requiring that the principal be invested in perpetuity and the income only be used to assist community and social welfare ministries of the Organization; a portion of the Kingdom House Endowment Fund, a trust instrument to be operated exclusively for the benefit of the Organization with distributions of a portion of the total returns at such intervals and amounts as determined by the trust instrument; and the Downtown Lions Club Endowment.

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J. NET ASSETS RELEASED FROM DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31:

	2020	2019
Purpose restrictions accomplished		
Campaign Pledges	\$ 47,690	\$ 27,869
Other Programs	281,207	350,350
Time restrictions expired		
United Way	534,792	551,508
Other Programs	331,952	195,361
Subject to the Organization's spending policy and appropriation	1,425	1,418
Total Net Assets Released from Restrictions	<u>\$1,197,066</u>	<u>\$1,126,506</u>

K. BOARD DESIGNATED NET ASSETS

Board designated net assets consist of without donor restricted legacies, bequests, Salem-in-Ladue Fund, and other significant contributions received by the Organization. These funds are earmarked by the Board of Directors of the Organization for future acquisitions of fixed assets, operations, and other purposes approved by the Board.

L. CONTINGENCIES

The Organization, from time to time, receives information regarding potential claims against the Organization from employees, clients, and/or client families. Management has represented that the Organization's insurance company is responsible for handling any and all such claims.

M. RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan covering all full-time employees with at least one year of service (minimum 1,000 hours worked) with a minimum entry age of 21. During the year ended December 31, 2011, the Organization amended the plan to allow for an employer match of 3% of each participant's annual compensation. The total amounts contributed into the plan for 2020 and 2019 were \$44,768 and \$45,315, respectively.

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N. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization regularly monitors liquidity required to meet its operating needs. The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization maintains financial assets, consisting of cash and investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various investments. In addition, the Organization maintains a board-designated endowment that allows for annual spending of income and appreciation generated from certain donor-restricted perpetual endowment funds.

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2020	2019
Cash and cash equivalents	\$ 296,768	\$ 82,758
Accounts and other receivables	848,083	1,199,176
Investments	496,671	417,179
Total financial assets	1,641,522	1,699,113
Less amounts not available to be used within one year:		
Board designated for endowment	317,568	270,205
Donor restricted perpetual endowment	246,369	244,051
Total financial assets not available to be used within one year	563,937	514,256
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,077,585	\$ 1,184,857

As more fully described in Note F, the Organization also has a committed line of credit in the amount of \$200,000 to be drawn upon in the event of an unanticipated liquidity need for the year ending December 31, 2020.

In addition, although the Organization does not intend to spend from its board-designated endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its board designated-endowment could be made available if necessary.

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O. ECONOMIC UNCERTANITY

As the spread of the COVID-19 coronavirus continues worldwide, economic uncertainties have arisen that are likely to negatively impact our financial results. While management expects this negative impact to be temporary, the severity and duration of the impact is uncertain at this time.

P. PAYCHECK PROTECTION PROGRAM GRANT

On April 14, 2020, the Organization was granted a loan in the amount of \$528,283 from Carrollton Bank, pursuant to the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT). Under certain circumstances, all or part of the loan may be forgiven and converted to a grant.

On November 2, 2020, the Organization received notification from Carrollton Bank the full amount of the loan had been forgiven. At that time, the Organization converted \$528,283 to grant income for the year ended December 31, 2020.

Q. SUBSEQUENT EVENT - ECONOMIC AID ACT

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) became law. The Economic Aid Act provides the opportunity to obtain a forgivable “second draw” PPP loan. Subsequent to year-end, the Organization submitted an application for SBA loan funding under the second draw PPP.

This application was approved and the Organization was granted a second draw loan in the amount of \$536,417 on January 25, 2021. The terms are as follows: Loan is amortized over 60 months at 1% interest and there are no payments required for 24 months. Under certain circumstances all or part of the loan may be forgiven and converted to a grant. Whatever balance is not forgiven during the 24 months will be repaid over the remaining 36 months at equal principal payments plus interest monthly with the final payment due on January 25, 2026. The loan is unsecured and is guaranteed by the SBA.