

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

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

Opinion

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, 2021 and 2020, and the related 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 Kingdom House d/b/a LifeWise STL as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kingdom House d/b/a LifeWise STL and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Kingdom House d/b/a LifeWise STL's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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 Kingdom House d/b/a LifeWise STL'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 Kingdom House d/b/a LifeWise STL'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

Schmersahl Treloar & Co.

St. Louis, Missouri
June 22, 2022

FINANCIAL STATEMENTS

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

ASSETS

	December 31,	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 534,300	\$ 296,768
Accounts receivable	675,258	420,249
United Way receivable	438,885	427,834
Prepaid expenses	47,386	10,979
Total Current Assets	1,695,829	1,155,830
INVESTMENTS	666,639	496,671
PROPERTY AND EQUIPMENT, net of accumulated depreciation	1,263,870	1,346,991
TOTAL ASSETS	\$ 3,626,338	\$ 2,999,492

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 51,170	\$ 113,471
Current maturities of long-term debt	21,482	20,547
Accrued expenses	333,238	200,152
Custodial funds	51,047	50,047
Total Current Liabilities	456,937	384,217
LONG-TERM DEBT	553,738	575,222
Total Liabilities	1,010,675	959,439
NET ASSETS		
Without donor restrictions		
Undesignated	750,662	719,561
Board-designated	377,612	317,568
Total Net Assets Without Donor Restrictions	1,128,274	1,037,129
With donor restrictions		
Purpose restrictions	387,442	122,863
Time-restricted for future periods	851,656	633,692
Perpetual in nature	248,291	246,369
Total Net Assets With Donor Restrictions	1,487,389	1,002,924
Total Net Assets	2,615,663	2,040,053
TOTAL LIABILITIES AND NET ASSETS	\$ 3,626,338	\$ 2,999,492

See accompanying notes to financial statements

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

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Support						
Contributions	\$ 1,300,706	\$ 182,442	\$ 1,483,148	\$ 1,408,385	\$ -	\$ 1,408,385
Grants	618,570	612,771	1,231,341	819,055	543,767	1,362,822
United Way	-	438,885	438,885	5,332	427,834	433,166
Pledges - capital campaign	-	-	-	35,060	-	35,060
Special events (net of expenses of \$17,554 and \$8,376 respectively)	9,569	-	9,569	42,694	-	42,694
Net assets released from restrictions	753,032	(753,032)	-	1,197,066	(1,197,066)	-
Total Support	2,681,877	481,066	3,162,943	3,507,592	(225,465)	3,282,127
Revenue						
Government agency fees	1,227,278	-	1,227,278	997,269	-	997,269
Program service fees	72,796	-	72,796	30,683	-	30,683
Investment income	7,482	447	7,929	3,331	231	3,562
Net unrealized and realized gains	47,722	2,952	50,674	49,253	3,512	52,765
Paycheck protection program grant	536,417	-	536,417	528,283	-	528,283
Miscellaneous	14,458	-	14,458	14,567	-	14,567
Total Revenue	1,906,153	3,399	1,909,552	1,623,386	3,743	1,627,129
Total Support and Revenue	4,588,030	484,465	5,072,495	5,130,978	(221,722)	4,909,256
EXPENSES						
Program services	3,608,655	-	3,608,655	4,153,727	-	4,153,727
Supporting services	888,230	-	888,230	780,018	-	780,018
Total Expenses	4,496,885	-	4,496,885	4,933,745	-	4,933,745
CHANGE IN NET ASSETS	91,145	484,465	575,610	197,233	(221,722)	(24,489)
NET ASSETS, Beginning of year	1,037,129	1,002,924	2,040,053	839,896	1,224,646	2,064,542
NET ASSETS, End of year	\$ 1,128,274	\$ 1,487,389	\$ 2,615,663	\$ 1,037,129	\$ 1,002,924	\$ 2,040,053

See accompanying notes to financial statements

Kingdom House
d/b/a LifeWise STL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Services					Supporting Services				Total
	Day Care	Youth Social Development	Elderly Services	Core Social Services	Total Program Services	Management and General	Fundraising	Volunteers	Total Supporting Services	
Salaries	\$ 754,621	\$ 599,462	\$ 152,054	\$ 439,042	\$ 1,945,179	\$ 331,077	\$ 119,167	\$ 124,407	\$ 574,651	\$ 2,519,830
Employee benefits	105,226	83,591	21,203	61,221	271,241	46,166	16,617	17,348	80,131	351,372
Payroll taxes	54,933	43,638	11,069	31,960	141,599	24,101	8,675	9,056	41,832	183,431
Assistance to individuals	1,117	103,789	78,853	142,959	326,718	6,487	-	40	6,527	333,245
Conferences and meetings	5,793	8,593	4,760	7,887	27,033	-	1,068	1,112	2,180	29,213
Depreciation	43,843	34,525	8,799	25,015	112,182	17,946	6,868	11,398	36,212	148,394
Information technology	31,215	23,985	7,333	24,874	87,407	18,194	9,309	6,301	33,804	121,211
Interest	7,405	5,840	1,486	4,230	18,961	2,582	1,160	3,766	7,508	26,469
Local transportation	262	30,480	11,247	780	42,769	-	49	559	608	43,377
Miscellaneous	5,028	4,234	2,427	10,847	22,536	18,238	4,994	471	23,703	46,239
Occupancy costs	79,219	76,818	21,605	24,006	201,648	19,205	14,403	4,801	38,409	240,057
Postage and shipping	3,901	2,457	5,009	1,693	13,060	940	1,269	517	2,726	15,786
Print and publications	10,405	10,628	5,563	4,751	31,347	3,604	1,284	1,337	6,225	37,572
Professional fees and contracted services	39,967	56,313	15,233	24,369	135,882	-	4,869	4,422	9,291	145,173
Supplies	103,020	103,512	4,906	11,774	223,212	7,359	9,812	4,906	22,077	245,289
Telephone	3,068	2,417	618	1,778	7,881	1,351	486	509	2,346	10,227
Total expenses included on the statement of activities	<u>\$ 1,249,023</u>	<u>\$ 1,190,281</u>	<u>\$ 352,165</u>	<u>\$ 817,186</u>	<u>\$ 3,608,655</u>	<u>\$ 497,250</u>	<u>\$ 200,030</u>	<u>\$ 190,950</u>	<u>\$ 888,230</u>	4,496,885
Special event expenses										<u>17,554</u>
Total Expenses										<u>\$ 4,514,439</u>

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				Total
	Day Care	Youth Social Development	Elderly Services	Core Social Services	Total Program Services	Management and General	Fundraising	Volunteers	Total Supporting Services	
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	1,700	452	595	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>\$ 199,628</u>	<u>\$ 780,018</u>	4,933,745
Special event expenses										<u>8,376</u>
Total Expenses										<u>\$ 4,942,121</u>

See accompanying notes to financial statements

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

	Years Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 575,610	(\$ 24,489)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	148,394	139,124
Net unrealized and realized (gains)	(50,674)	(52,765)
(Increase) decrease in assets:		
Accounts receivable	(255,009)	196,885
United Way receivable	(11,051)	106,958
Pledges - capital campaign, net of discount	-	47,690
Prepaid expenses	(36,407)	43
Increase (decrease) in liabilities:		
Accounts payable	(62,301)	(49,899)
Accrued expenses	133,086	51,315
Custodial funds	<u>1,000</u>	<u>22,157</u>
Net Change in Cash from Operating Activities	<u>442,648</u>	<u>437,019</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(65,273)	(42,812)
Proceeds from sale of investments	18,507	16,705
Purchases of investments	<u>(137,801)</u>	<u>(43,432)</u>
Net Change in Cash from Investing Activities	<u>(184,567)</u>	<u>(69,539)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	-	(130,000)
Payments on long-term debt	<u>(20,549)</u>	<u>(23,470)</u>
Net Change in Cash from Financing Activities	<u>(20,549)</u>	<u>(153,470)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	237,532	214,010
CASH AND CASH EQUIVALENTS, Beginning of year	<u>296,768</u>	<u>82,758</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 534,300</u>	<u>\$ 296,768</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 26,469</u>	<u>\$ 21,971</u>

See accompanying notes to financial statements

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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, 2021 and 2020.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(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, 2021 and 2020.

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, 2021 and 2020
(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 measurable 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, 2021 and 2020
(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, 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, 2021 and 2020.

Donated Property, Materials, and Services

Certain donated property and materials are recorded as contributions at their fair market value at the date of receipt. The Organization did not receive donated property and materials significant enough to be recognized as contributions for the year ended December 31, 2021. Food donated to the Organization's pantry was valued at \$175,367 for the year ended December 31, 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, 2021 and 2020
(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 2018 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.

Reclassification

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 22, 2022, the date the financial statements were available to be issued.

B. **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.

Investments for the year ended December 31, 2021 are as follows:

	Cost	Fair Value	Unrealized Appreciation
Pooled Balanced Investment Fund			
The Hough Fund	\$ 56,596	\$ 61,233	\$ 4,637
Howard May Endowment Fund	119,515	145,737	26,222
Lions Club Endowment Fund	31,894	34,552	2,658
Salem-in-Ladue Endowment Fund	285,716	290,524	4,808
Kingdom House Endowment Fund	<u>132,488</u>	<u>134,593</u>	<u>2,105</u>
Total Investments	<u>\$626,209</u>	<u>\$666,639</u>	<u>\$40,430</u>

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

B. INVESTMENTS (Continued)

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 Kingdom House Endowment Fund. During the year ended December 31, 2021, \$100,000 was paid back to the Kingdom House Endowment Fund. At December 31, 2021, there were no outstanding borrowings from the endowment funds.

Investment return for the year ended December 31, 2021 is summarized as follows:

Investment income	\$ 7,929
Net unrealized and realized gains	<u>50,674</u>
Total Investment Return	<u>\$58,603</u>

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	<u>28,063</u>	<u>29,882</u>	<u>1,819</u>
Total Investments	<u>\$459,298</u>	<u>\$496,671</u>	<u>\$37,373</u>

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>

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

C. FAIR VALUE MEASUREMENTS

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

	Fair Value Measurements at Reporting Date Using:			
	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, 2021</u>				
Pooled balanced investment fund	\$666,639	\$ -	\$666,639	\$ -

	Fair Value Measurements at Reporting Date Using:			
	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	\$ -

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.

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D. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31,	
	2021	2020
Land	\$ 157,936	\$ 157,936
Buildings and improvements	2,380,913	2,361,371
Machinery and equipment	644,724	598,994
	3,183,573	3,118,301
Less: accumulated depreciation	1,919,703	1,771,310
Total Property and Equipment, net of accumulated depreciation	\$1,263,870	\$1,346,991

Depreciation expense at December 31, 2021 and 2020 was \$148,394 and \$139,124, respectively.

E. 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, 2022. Interest is payable at .10% below prime rate, with a floor of 3.00%. Prime rate was 3.25% at December 31, 2021. There was no outstanding balance at December 31, 2021 and 2020.

F. LONG-TERM DEBT

The Organization has a note payable with 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 installments 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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NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

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

The aggregate maturities of long-term debt as of December 31, 2021 are:

<u>Year</u>	<u>Amount</u>
2022	\$ 21,482
2023	21,983
2024	<u>531,755</u>
	<u>\$575,220</u>

Total interest expense from all sources for the years ended December 31, 2021 and 2020, was \$26,469 and \$21,971, respectively.

G. **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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NOTES TO FINANCIAL STATEMENTS
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(Continued)

G. **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, 2021 and 2020.

Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

	2021 Endowment Funds		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted perpetual endowment funds	\$ -	\$ 248,291	\$ 248,291
Board designated endowment funds	377,612	-	377,612
Endowment net assets, end of year	\$ 377,612	\$ 248,291	\$ 625,903

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December 31, 2021 and 2020
(Continued)

G. ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets as of December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 317,568	\$ 246,369	\$ 563,937
Contributions	30,000	-	30,000
Investment income, net of fees	7,354	447	7,801
Net realized and unrealized losses	47,722	2,952	50,674
Amounts appropriated for expenditure	<u>(25,032)</u>	<u>(1,477)</u>	<u>(26,509)</u>
Endowment net assets, end of year	<u>\$ 377,612</u>	<u>\$ 248,291</u>	<u>\$ 625,903</u>

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

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

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

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
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 gains	49,253	3,512	52,765
Amounts appropriated for expenditure	<u>(25,087)</u>	<u>(1,425)</u>	<u>(26,512)</u>
Endowment net assets, end of year	<u>\$ 317,568</u>	<u>\$ 246,369</u>	<u>\$ 563,937</u>

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NOTES TO FINANCIAL STATEMENTS
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H. NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to expenditure for a specific purpose:		
Campaign Pledges	\$ 5,000	\$ 11,000
Build-A-Thon Contributions	182,442	-
Other Programs	200,000	111,863
	\$ 387,442	\$ 122,863
Subject to passage of time		
United Way	\$ 438,885	\$ 427,834
Other Programs	412,771	205,858
	\$ 851,656	\$ 633,692
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	15,932	14,010
	248,291	246,369
Total Net Assets With Donor Restrictions	\$ 1,487,389	\$ 1,002,924

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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I. 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:

	2021	2020
Purpose restrictions accomplished		
Campaign Pledges	\$ 6,000	\$ 47,690
Other Programs	111,863	281,207
Time restrictions expired		
United Way	427,834	534,792
Other Programs	205,858	331,952
Subject to the Organization's spending policy and appropriation	1,477	1,425
Total Net Assets Released from Restrictions	\$753,032	\$1,197,066

J. 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.

K. 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.

L. 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 2021 and 2020 were \$55,200 and \$44,768, respectively.

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M. 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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 534,300	\$ 296,768
Accounts and other receivables	1,114,143	848,083
Investments	<u>666,639</u>	<u>496,671</u>
Total financial assets	<u>2,315,082</u>	<u>1,641,522</u>
Less amounts not available to be used within one year:		
Board designated for endowment	377,612	317,568
Donor-restricted perpetual endowment	<u>248,291</u>	<u>246,369</u>
Total financial assets not available to be used within one year	<u>625,903</u>	<u>563,937</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,689,179</u>	<u>\$ 1,077,585</u>

As more fully described in Note E, 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, 2021.

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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NOTES TO FINANCIAL STATEMENTS
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N. 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.

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. During the year ended December 31, 2021, 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. Under certain circumstances all or part of the loan may be forgiven and converted to a grant.

On July 20, 2021, the Organization received notification from Carrollton Bank the full amount of the loan had been forgiven. At that time, the Organization converted \$536,417 to grant income for the year ended December 31, 2021.