

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

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, 2022 and 2021, 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, 2022 and 2021, 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 23, 2023

FINANCIAL STATEMENTS

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

ASSETS

	December 31,	
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 553,692	\$ 534,300
Accounts receivable	402,970	675,258
Employee retention credit grant receivable	661,016	-
United Way receivable	450,289	438,885
Prepaid expenses	3,600	47,386
Total Current Assets	2,071,567	1,695,829
INVESTMENTS	538,197	666,639
PROPERTY AND EQUIPMENT, net of accumulated depreciation	1,362,769	1,263,870
TOTAL ASSETS	\$ 3,972,533	\$ 3,626,338

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 196,440	\$ 51,170
Current maturities of long-term debt	22,195	21,482
Accrued expenses	392,909	333,238
Custodial funds	51,047	51,047
Total Current Liabilities	662,591	456,937
LONG-TERM DEBT	531,699	553,738
Total Liabilities	1,194,290	1,010,675
NET ASSETS		
Without donor restrictions		
Undesignated	1,272,640	750,662
Board-designated	256,222	377,612
Total Net Assets Without Donor Restrictions	1,528,862	1,128,274
With donor restrictions		
Purpose restrictions	445,403	387,442
Time-restricted for future periods	562,738	851,656
Perpetual in nature	241,240	248,291
Total Net Assets With Donor Restrictions	1,249,381	1,487,389
Total Net Assets	2,778,243	2,615,663
TOTAL LIABILITIES AND NET ASSETS	\$ 3,972,533	\$ 3,626,338

See accompanying notes to financial statements

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

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Support						
Contributions	\$ 1,296,434	\$ 27,480	\$ 1,323,914	\$ 1,300,706	\$ 182,442	\$ 1,483,148
Contributions of nonfinancial assets	48,244	-	48,244	-	-	-
Grants	644,646	467,449	1,112,095	618,570	612,771	1,231,341
United Way	-	450,289	450,289	-	438,885	438,885
Special events (net of expenses of \$40,290 and \$17,554 respectively)	48,730	-	48,730	9,569	-	9,569
Net assets released from restrictions	<u>1,177,721</u>	<u>(1,177,721)</u>	<u>-</u>	<u>753,032</u>	<u>(753,032)</u>	<u>-</u>
Total Support	<u>3,215,775</u>	<u>(232,503)</u>	<u>2,983,272</u>	<u>2,681,877</u>	<u>481,066</u>	<u>3,162,943</u>
Revenue						
Government agency fees	1,406,187	-	1,406,187	1,227,278	-	1,227,278
Program service fees	318,413	-	318,413	72,796	-	72,796
Investment (loss) income, net of fees	<u>(99,902)</u>	<u>(5,505)</u>	<u>(105,407)</u>	55,204	3,399	58,603
Employee retention credit grant	667,631	-	667,631	-	-	-
Paycheck protection program grant	-	-	-	536,417	-	536,417
Miscellaneous	<u>39,333</u>	<u>-</u>	<u>39,333</u>	<u>14,458</u>	<u>-</u>	<u>14,458</u>
Total Revenue	<u>2,331,662</u>	<u>(5,505)</u>	<u>2,326,157</u>	<u>1,906,153</u>	<u>3,399</u>	<u>1,909,552</u>
Total Support and Revenue	<u>5,547,437</u>	<u>(238,008)</u>	<u>5,309,429</u>	<u>4,588,030</u>	<u>484,465</u>	<u>5,072,495</u>
EXPENSES						
Program services	4,156,771	-	4,156,771	3,608,655	-	3,608,655
Supporting services	<u>990,078</u>	<u>-</u>	<u>990,078</u>	<u>888,230</u>	<u>-</u>	<u>888,230</u>
Total Expenses	<u>5,146,849</u>	<u>-</u>	<u>5,146,849</u>	<u>4,496,885</u>	<u>-</u>	<u>4,496,885</u>
CHANGE IN NET ASSETS	400,588	<u>(238,008)</u>	162,580	91,145	484,465	575,610
NET ASSETS, Beginning of year	<u>1,128,274</u>	<u>1,487,389</u>	<u>2,615,663</u>	<u>1,037,129</u>	<u>1,002,924</u>	<u>2,040,053</u>
NET ASSETS, End of year	<u>\$ 1,528,862</u>	<u>\$ 1,249,381</u>	<u>\$ 2,778,243</u>	<u>\$ 1,128,274</u>	<u>\$ 1,487,389</u>	<u>\$ 2,615,663</u>

See accompanying notes to financial statements

Kingdom House
d/b/a LifeWise STL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Program Services					Supporting Services				Cost of Direct Benefits to Donors	Total
	Day Care	Youth Social Development	Elderly Services	Core Social Services	Total Program Services	Management and General	Fundraising	Volunteers	Total Supporting Services		
Salaries	\$ 806,135	\$ 680,010	\$ 178,673	\$ 535,097	\$ 2,199,915	\$ 403,730	\$ 114,496	\$ 135,023	\$ 653,249	\$ -	\$ 2,853,164
Employee benefits	93,821	79,142	20,795	62,277	256,035	46,988	13,326	15,714	76,028	-	332,063
Payroll taxes	58,661	49,483	13,002	38,938	160,084	29,379	8,332	9,826	47,537	-	207,621
Assistance to individuals	2,200	84,405	81,853	246,351	414,809	-	-	125	125	-	414,934
Conferences and meetings	8,924	10,413	9,326	18,661	47,324	4,342	1,396	2,582	8,320	-	55,644
Depreciation	41,493	36,082	6,792	29,354	113,721	21,156	6,035	11,340	38,531	-	152,252
Information technology	33,764	28,073	6,292	31,063	99,192	15,433	4,707	7,390	27,530	-	126,722
Interest	7,739	6,710	1,508	5,565	21,522	4,085	1,130	3,829	9,044	-	30,566
Local transportation	144	36,478	19,644	1,565	57,831	-	139	556	695	-	58,526
Miscellaneous	3,473	6,643	1,863	13,767	25,746	18,633	3,609	570	22,812	-	48,558
Occupancy costs	94,861	91,985	25,871	28,745	241,462	22,996	17,247	5,749	45,992	-	287,454
Postage and shipping	988	1,271	359	771	3,389	505	1,649	290	2,444	-	5,833
Print and publications	9,399	8,503	1,637	6,000	25,539	4,310	1,224	1,427	6,961	-	32,500
Professional fees and contracted services	48,285	75,220	17,012	28,735	169,252	11,818	2,482	3,011	17,311	-	186,563
Special events - fundraising	-	-	-	-	-	-	-	-	-	40,290	40,290
Supplies	144,068	144,754	6,860	16,465	312,147	10,291	13,721	6,860	30,872	-	343,019
Telephone	3,177	2,763	617	2,246	8,803	1,620	462	545	2,627	-	11,430
	1,357,132	1,341,935	392,104	1,065,600	4,156,771	595,286	189,955	204,837	990,078	40,290	5,187,139
Less expenses included with support on the statement of activities	-	-	-	-	-	-	-	-	-	(40,290)	(40,290)
Total Expenses By Function	\$ 1,357,132	\$ 1,341,935	\$ 392,104	\$ 1,065,600	\$ 4,156,771	\$ 595,286	\$ 189,955	\$ 204,837	\$ 990,078	\$ -	\$ 5,146,849

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				Cost of Direct Benefits to Donors	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	43,637	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
Special events - fundraising	-	-	-	-	-	-	-	-	-	17,554	17,554
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
	<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>	<u>17,554</u>	<u>4,514,439</u>
Less expenses included with support on the statement of activities	-	-	-	-	-	-	-	-	-	(17,554)	(17,554)
Total Expenses By Function	<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>	<u>\$ -</u>	<u>\$ 4,496,885</u>

See accompanying notes to financial statements

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

	Years Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 162,580	\$ 575,610
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	152,252	148,394
Contribution of nonfinancial assets capitalized	(48,244)	-
Net unrealized and realized losses (gains)	115,796	(50,674)
(Increase) decrease in assets:		
Accounts receivable	272,288	(255,009)
Employee retention credit grant receivable	(661,016)	-
United Way receivable	(11,404)	(11,051)
Prepaid expenses	43,786	(36,407)
Increase (decrease) in liabilities:		
Accounts payable	145,270	(62,301)
Accrued expenses	59,671	133,086
Custodial funds	-	1,000
	230,979	442,648
Net Change in Cash from Operating Activities	230,979	442,648
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(202,907)	(65,273)
Proceeds from sale of investments	22,724	18,507
Purchases of investments	(10,078)	(137,801)
	(190,261)	(184,567)
Net Change in Cash from Investing Activities	(190,261)	(184,567)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(21,326)	(20,549)
	19,392	237,532
NET CHANGE IN CASH AND CASH EQUIVALENTS	19,392	237,532
CASH AND CASH EQUIVALENTS, Beginning of year	534,300	296,768
CASH AND CASH EQUIVALENTS, End of year	\$ 553,692	\$ 534,300
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 30,566	\$ 26,469

See accompanying notes to financial statements

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

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.

Change in Accounting Principle

Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the Statements of Financial Position for all leases and requires expanded qualitative and quantitative disclosures. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition on the Statement of Activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized on the Statement of Activities on a straight-line basis over the lease term. This change in accounting principle did not have a material impact on the Organization’s financial statements for the year ended December 31, 2022.

New Accounting Pronouncement

In September of 2020, the financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit entities Contributed Nonfinancial Assets*, which enhances disclosures about contributions of nonfinancial assets, also known as “gift in-kind”. The new guidance has been applied on a retrospective basis.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

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

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, 2022 and 2021.

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, 2022 and 2021.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

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

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.

The Organization's investments 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.

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.

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.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

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

Revenue Recognition (Continued)

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 programs 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.

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.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

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

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, 2022 and 2021.

Contributions of Nonfinancial Assets

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The Organization also receives donated services from other contributors and volunteers that are not measurable, and therefore, are not included in the financial statements.

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 2019 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.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

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

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 23, 2023, the date the financial statements were available to be issued.

B. **INVESTMENTS**

Investments consist of the following at December 31:

	2022	2021
The Hough Fund	\$ 50,636	\$ 61,233
Howard May Endowment Fund	115,992	145,737
Lions Club Endowment Fund	27,501	34,552
Salem-in-Ladue Endowment Fund	233,139	290,524
Kingdom House Endowment Fund	110,929	134,593
Total Investments	\$ 538,197	\$ 666,639

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. There were no outstanding borrowings from the endowment funds at December 31, 2022 and 2021.

The Organization's investment activity as reported on the statement of activities consist of the following at December 31:

	2022	2021
Investment income	\$ 10,389	\$ 7,929
Net realized and unrealized (losses) gains	(115,796)	50,674
Total Investment (Loss) Income	(\$ 105,407)	\$ 58,603

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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, 2022</u>				
Pooled balanced investment fund	\$538,197	\$ -	\$538,197	\$ -
<u>December 31, 2021</u>				
Pooled balanced investment fund	\$666,639	\$ -	\$666,639	\$ -

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.

D. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31,	
	2022	2021
Land	\$ 157,936	\$ 157,936
Buildings and improvements	2,380,913	2,380,913
Machinery and equipment	813,058	644,724
Construction in Progress	78,799	-
	3,430,706	3,183,573
Less: accumulated depreciation	2,067,937	1,919,703
Total Property and Equipment, net of accumulated depreciation	\$1,362,769	\$1,263,870

Depreciation expense at December 31, 2022 and 2021 was \$152,252 and \$148,394, respectively.

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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, 2023. Interest is payable at .10% below prime rate, with a floor of 3.00%. Prime rate was 7.50% at December 31, 2022. There was no outstanding balance at December 31, 2022 and 2021.

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.

The aggregate maturities of long-term debt as of December 31, 2022 are:

<u>Year</u>	<u>Amount</u>
2023	22,195
2024	<u>531,699</u>
	<u>\$553,894</u>

Total interest expense from all sources for the years ended December 31, 2022 and 2021, was \$30,566 and \$26,469, respectively.

G. ENDOWMENT NET ASSETS

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, 2022 and 2021.

Endowment net asset composition by type of fund as of December 31, 2022 is as follows:

	<u>Donor Restrictions</u>	<u>Donor Restrictions</u>	<u>Endowment Net Assets</u>
Donor-restricted perpetual endowment funds	\$ -	\$ 241,240	\$ 241,240
Board designated endowment funds	<u>256,222</u>	<u>-</u>	<u>256,222</u>
Endowment net assets, end of year	<u>\$ 256,222</u>	<u>\$ 241,240</u>	<u>\$ 497,462</u>

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G. ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets as of December 31, 2022 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 377,612	\$ 248,291	\$ 625,903
Investment (loss), net of fees	(100,212)	(5,505)	(105,717)
Amounts appropriated for expenditure	<u>(21,178)</u>	<u>(1,546)</u>	<u>(22,724)</u>
Endowment net assets, end of year	<u>\$ 256,222</u>	<u>\$ 241,240</u>	<u>\$ 497,462</u>

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

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

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

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total Endowment Net Assets</u>
Endowment net assets, beginning of year	\$ 317,568	\$ 246,369	\$ 563,937
Contributions	30,000	-	30,000
Investment return, net of fees	55,076	3,399	58,475
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>

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

H. NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to expenditure for a specific purpose:		
Campaign Pledges	\$ -	\$ 5,000
Build-A-Thon Contributions	180,403	182,442
Other Programs	265,000	200,000
	445,403	387,442
Subject to passage of time		
United Way	450,289	438,885
Other Programs	112,449	412,771
	562,738	851,656
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	8,881	15,932
	241,240	248,291
Total Net Assets With Donor Restrictions	\$ 1,249,381	\$ 1,487,389

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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NOTES TO FINANCIAL STATEMENTS
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(Continued)

H. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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:

	2022	2021
Subject to expenditure for a specific purpose:		
Campaign Pledges	\$ 5,000	\$ 6,000
Build-A-Thon Contributions	29,519	-
Other Programs	260,000	111,863
	294,519	117,863
Subject to passage of time		
United Way	438,885	427,834
Other Programs	442,771	205,858
	881,656	633,692
Subject to the Organization's spending policy and appropriation:	1,546	1,477
Total Net Assets Released from Restrictions	\$ 1,177,721	\$ 753,032

I. 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.

J. 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.

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K. 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 2022 and 2021 were \$50,667 and \$55,200, respectively.

L. PAYCHECK PROTECTION PROGRAM GRANT

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, 2022, 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 that 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.

M. CONTRIBUTIONS OF NONFINANCIAL ASSETS

The organizations received donated property and materials valued at \$48,244 for the year ended December 31, 2022. The organization did not receive donated property and services significant enough to be recognized as contributions for the year ended December 31, 2021.

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.

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N. **LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS** (Continued)

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 553,692	\$ 534,300
Accounts and other receivables	1,514,275	1,114,143
Investments	<u>538,197</u>	<u>666,639</u>
Total financial assets	<u>2,606,164</u>	<u>2,315,082</u>
Less amounts not available to be used within one year:		
Board designated for endowment	256,222	377,612
Donor-restricted perpetual endowment	<u>241,240</u>	<u>248,291</u>
Total financial assets not available to be used within one year	<u>497,462</u>	<u>625,903</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,108,702</u>	<u>\$ 1,689,179</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, 2022.

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. EMPLOYEE RETENTION CREDIT GRANT

On December 27, 2020, legislation was enacted that altered the Coronavirus Aid, Relief, and Economic Security (CARES) Act which modified and extended the Employee Retention Credit (ERTC) for six months through June 30, 2021. In August of 2021, the ERTC was extended for a third time through the American Rescue Plan of 2021 (ARP).

For the year ended December 31, 2022, the Organization applied for Employee Retention Credits for the 5 quarters spanning the period 2nd quarter 2020 through 2nd quarter 2021. The Organization expects to collect \$667,631, net of fees. As of December 31, 2022, the organization received \$124,415 of the credits applied for. The remaining balance is shown as an employee retention credit grant receivable at December 31, 2022. The remaining balance was collected subsequent to year end.

To qualify for the ERTC, the employer's operations would have to be fully or partially suspended due to government order or show a decline in gross receipts in a calendar quarter in 2021 where the gross receipts of that calendar quarter are less than 80% of gross receipts in the same quarter of 2019 and for quarters in 2020, gross receipts less than 50 % of gross receipts in the same quarter of 2019.

Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERTC, and it is not possible to determine the impact (if any) this would have upon the Organization.