

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

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, 2023 and 2022, 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, 2023 and 2022, 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 21, 2024

FINANCIAL STATEMENTS

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

ASSETS

	December 31,	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 103,219	\$ 553,692
Contributions and grants receivable	474,435	402,970
Employee retention credit grant receivable	-	661,016
United Way receivable	440,926	450,289
Prepaid expenses	16,508	3,600
Total Current Assets	1,035,088	2,071,567
INVESTMENTS	591,186	538,197
PROPERTY AND EQUIPMENT, net of accumulated depreciation	1,404,605	1,362,769
TOTAL ASSETS	\$ 3,030,879	\$ 3,972,533

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 161,542	\$ 196,440
Line of credit	50,000	-
Current maturities of long-term debt	531,902	22,195
Accrued expenses	300,905	392,909
Custodial funds	51,047	51,047
Total Current Liabilities	1,095,396	662,591
LONG-TERM DEBT	-	531,699
Total Liabilities	1,095,396	1,194,290
NET ASSETS		
Without donor restrictions		
Undesignated	796,359	1,272,640
Board-designated	296,810	256,222
Total Net Assets Without Donor Restrictions	1,093,169	1,528,862
With donor restrictions		
Purpose restrictions	25,722	445,403
Time-restricted for future periods	562,951	562,738
Perpetual in nature	253,641	241,240
Total Net Assets With Donor Restrictions	842,314	1,249,381
Total Net Assets	1,935,483	2,778,243
TOTAL LIABILITIES AND NET ASSETS	\$ 3,030,879	\$ 3,972,533

See accompanying notes to financial statements

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

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Support						
Contributions	\$ 1,203,284	\$ 10,000	\$ 1,213,284	\$ 1,296,434	\$ 27,480	\$ 1,323,914
Contributions of nonfinancial assets	-	-	-	48,244	-	48,244
Grants	1,249,307	100,000	1,349,307	644,646	467,449	1,112,095
United Way	-	440,926	440,926	-	450,289	450,289
Special events (net of expenses of \$66,295 and \$40,290 respectively)	69,865	-	69,865	48,730	-	48,730
Net assets released from restrictions	<u>961,913</u>	<u>(961,913)</u>	<u>-</u>	<u>1,177,721</u>	<u>(1,177,721)</u>	<u>-</u>
Total Support	<u>3,484,369</u>	<u>(410,987)</u>	<u>3,073,382</u>	<u>3,215,775</u>	<u>(232,503)</u>	<u>2,983,272</u>
Revenue						
Government agency fees	1,305,009	-	1,305,009	1,406,187	-	1,406,187
Program service fees	251,344	-	251,344	318,413	-	318,413
Investment income (loss), net of fees	64,459	3,920	68,379	(99,902)	(5,505)	(105,407)
(Loss) gain on sale of property and equipment	<u>(49,018)</u>	<u>-</u>	<u>(49,018)</u>	<u>11,222</u>	<u>-</u>	<u>11,222</u>
Employee retention credit grant	-	-	-	667,631	-	667,631
Miscellaneous	<u>80,852</u>	<u>-</u>	<u>80,852</u>	<u>28,111</u>	<u>-</u>	<u>28,111</u>
Total Revenue	<u>1,652,646</u>	<u>3,920</u>	<u>1,656,566</u>	<u>2,331,662</u>	<u>(5,505)</u>	<u>2,326,157</u>
Total Support and Revenue	<u>5,137,015</u>	<u>(407,067)</u>	<u>4,729,948</u>	<u>5,547,437</u>	<u>(238,008)</u>	<u>5,309,429</u>
EXPENSES						
Program services	4,621,588	-	4,621,588	4,156,771	-	4,156,771
Supporting services	<u>951,120</u>	<u>-</u>	<u>951,120</u>	<u>990,078</u>	<u>-</u>	<u>990,078</u>
Total Expenses	<u>5,572,708</u>	<u>-</u>	<u>5,572,708</u>	<u>5,146,849</u>	<u>-</u>	<u>5,146,849</u>
CHANGE IN NET ASSETS	<u>(435,693)</u>	<u>(407,067)</u>	<u>(842,760)</u>	<u>400,588</u>	<u>(238,008)</u>	<u>162,580</u>
NET ASSETS, Beginning 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>
NET ASSETS, End of year	<u>\$ 1,093,169</u>	<u>\$ 842,314</u>	<u>\$ 1,935,483</u>	<u>\$ 1,528,862</u>	<u>\$ 1,249,381</u>	<u>\$ 2,778,243</u>

See accompanying notes to financial statements

Kingdom House
d/b/a LifeWise STL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	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	\$ 828,931	\$ 734,634	\$ 156,650	\$ 709,208	\$ 2,429,423	\$ 346,989	\$ 112,026	\$ 152,946	\$ 611,961	\$ -	\$ 3,041,384
Employee benefits	98,886	87,637	18,687	84,604	289,814	41,393	13,364	18,245	73,002	-	362,816
Payroll taxes	62,601	55,480	11,830	53,559	183,470	26,205	8,460	11,550	46,215	-	229,685
Assistance to individuals	382	64,336	114,964	303,759	483,441	2,632	240	-	2,872	-	486,313
Conferences and meetings	7,542	18,615	10,965	15,830	52,952	1,302	838	2,373	4,513	-	57,465
Depreciation	46,275	40,717	8,752	39,512	135,256	19,480	6,231	12,744	38,455	-	173,711
Information technology	32,183	26,340	5,649	54,590	118,762	12,308	4,232	7,371	23,911	-	142,673
Interest	10,006	8,934	1,886	8,680	29,506	4,249	1,340	4,316	9,905	-	39,411
Local transportation	402	47,379	29,277	2,254	79,312	1,151	38	596	1,785	-	81,097
Miscellaneous	4,407	10,562	4,206	29,892	49,067	22,556	1,786	946	25,288	-	74,355
Occupancy costs	92,068	89,277	25,109	27,899	234,353	22,319	16,740	5,580	44,639	-	278,992
Postage and shipping	87	22	764	72	945	-	202	17	219	-	1,164
Print and publications	8,245	6,594	1,361	6,099	22,299	3,021	1,815	1,329	6,165	-	28,464
Professional fees and contracted services	74,665	63,288	16,173	28,564	182,690	20,463	3,459	3,841	27,763	-	210,453
Special events - fundraising	-	-	-	-	-	-	-	-	-	66,295	66,295
Supplies	147,197	147,898	7,009	16,823	318,927	10,514	14,019	7,009	31,542	-	350,469
Telephone	3,886	3,415	735	3,335	11,371	1,641	525	719	2,885	-	14,256
	1,417,763	1,405,128	414,017	1,384,680	4,621,588	536,223	185,315	229,582	951,120	66,295	5,639,003
Less expenses included with support on the statement of activities	-	-	-	-	-	-	-	-	-	(66,295)	(66,295)
Total Expenses By Function	\$ 1,417,763	\$ 1,405,128	\$ 414,017	\$ 1,384,680	\$ 4,621,588	\$ 536,223	\$ 185,315	\$ 229,582	\$ 951,120	\$ -	\$ 5,572,708

See accompanying notes to financial statements
(5)

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
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 842,760)	\$ 162,580
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	173,711	152,252
Contribution of nonfinancial assets capitalized	-	(48,244)
Net unrealized and realized (gains) losses	(60,730)	115,796
Loss (gain) on sale of property and equipment	49,018	(11,222)
(Increase) decrease in assets:		
Contributions and grants receivable	(71,465)	272,288
Employee retention credit grant receivable	661,016	(661,016)
United Way receivable	9,363	(11,404)
Prepaid expenses	(12,908)	43,786
Increase (decrease) in liabilities:		
Accounts payable	(34,898)	145,270
Accrued expenses	(92,004)	59,671
	(221,657)	219,757
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	49,080	11,222
Purchases of property and equipment	(313,645)	(202,907)
Proceeds from sale of investments	24,864	22,724
Purchases of investments	(17,123)	(10,078)
	(256,824)	(179,039)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from line of credit	50,000	-
Payments on long-term debt	(21,992)	(21,326)
	28,008	(21,326)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(450,473)	19,392
CASH AND CASH EQUIVALENTS, Beginning of year	553,692	534,300
CASH AND CASH EQUIVALENTS, End of year	\$ 103,219	\$ 553,692
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 39,411	\$ 30,566

See accompanying notes to financial statements

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

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.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

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

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, 2023 and 2022.

Contributions and Grants Receivable

Contributions and grants receivable is carried net of allowance for uncollectible receivables. The allowance is increased by provisions charged to expense and reduced by amounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential 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 at December 31, 2023, 2022 and 2021. Contributions and grants receivable were \$474,435, \$402,970 and \$675,258 at December 31, 2023, 2022 and 2021, respectively.

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.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

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

Investments (Continued)

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 - Contributions

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 contracts or grant provisions.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

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

Revenue Recognition – Contracts with Customers

Program Service Fees

Program service fees are recorded as performance obligations are met. Payments received in advance are deferred until earned.

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.

Financial Instruments

The carrying amount of cash and cash equivalents, contributions and grants 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, 2023 and 2022.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

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

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 2020 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 21, 2024, the date the financial statements were available to be issued.

Kingdom House
d/b/a LifeWise STL
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

B. INVESTMENTS

Investments consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
The Hough Fund	\$ 55,564	\$ 50,636
Howard May Endowment Fund	124,070	115,992
Lions Club Endowment Fund	39,902	27,501
Salem-in-Ladue Endowment Fund	250,068	233,139
Kingdom House Endowment Fund	<u>121,582</u>	<u>110,929</u>
 Total Investments	 <u>\$ 591,186</u>	 <u>\$ 538,197</u>

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

	<u>2023</u>	<u>2022</u>
Investment income	\$ 7,649	\$ 10,389
Net realized and unrealized gains (losses)	<u>60,730</u>	<u>(115,796)</u>
 Total Investment Income (Loss)	 <u>\$ 68,379</u>	 <u>(\$ 105,407)</u>

C. 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, 2023</u>				
Pooled balanced investment fund	<u>\$591,186</u>	<u>\$ -</u>	<u>\$591,186</u>	<u>\$ -</u>
<u>December 31, 2022</u>				
Pooled balanced investment fund	<u>\$538,197</u>	<u>\$ -</u>	<u>\$538,197</u>	<u>\$ -</u>

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C. **FAIR VALUE MEASUREMENTS** (Continued)

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,	
	2023	2022
Land	\$ 61,038	\$ 157,936
Buildings and improvements	2,676,826	2,380,913
Machinery and equipment	905,601	813,058
Construction in Progress	-	78,799
	3,643,465	3,430,706
Less: accumulated depreciation	2,238,860	2,067,937
Total Property and Equipment, net of accumulated depreciation	\$1,404,605	\$1,362,769

Depreciation expense at December 31, 2023 and 2022 was \$173,711 and \$152,252, respectively.

E. **LINE OF CREDIT**

The Organization has a \$350,000 revolving line of credit agreement with a bank, which is collateralized by a Deed of Trust on a building. The line of credit expires October 5, 2024. Interest is payable at prime rate, with a floor of 3.00%. Prime rate was 8.50% at December 31, 2023. The balance was \$50,000 at December 31, 2023. There was no outstanding balance at December 31, 2022.

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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, 2023 are:

<u>Year</u>	<u>Amount</u>
2024	<u>\$531,902</u>

Total interest expense from all sources for the years ended December 31, 2023 and 2022, was \$39,411 and \$30,566, 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.

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%.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

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

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, 2023 and 2022.

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted perpetual endowment funds	\$ -	\$ 253,641	\$ 253,641
Board designated endowment funds	296,810	-	296,810
Endowment net assets, end of year	<u>\$ 296,810</u>	<u>\$ 253,641</u>	<u>\$ 550,451</u>

Changes in endowment net assets as of December 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 256,222	\$ 241,240	\$ 497,462
Contributions	-	10,000	10,000
Investment return, net of fees	63,933	3,920	67,853
Amounts appropriated for expenditure	<u>(23,345)</u>	<u>(1,519)</u>	<u>(24,864)</u>
Endowment net assets, end of year	<u>\$ 296,810</u>	<u>\$ 253,641</u>	<u>\$ 550,451</u>

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NOTES TO FINANCIAL STATEMENTS
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G. **ENDOWMENT NET ASSETS** (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
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>

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

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
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>

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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:

	2023	2022
Subject to expenditure for a specific purpose:		
Build-A-Thon Contributions	\$ 722	\$ 180,403
Other Programs	25,000	265,000
	25,722	445,403
Subject to passage of time		
United Way	440,926	450,289
Other Programs	122,025	112,449
	562,951	562,738
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	21,282	8,881
	253,641	241,240
Total Net Assets With Donor Restrictions	\$ 842,314	\$ 1,249,381

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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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:

	2023	2022
Subject to expenditure for a specific purpose:		
Campaign Pledges	\$ -	\$ 5,000
Build-A-Thon Contributions	179,681	29,519
Other Programs	240,000	260,000
	419,681	294,519
Subject to passage of time		
United Way	450,289	438,885
Other Programs	90,424	442,771
	540,713	881,656
Subject to the Organization's spending policy and appropriation:	1,519	1,546
Total Net Assets Released from Restrictions	\$ 961,913	\$ 1,177,721

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.

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 2023 and 2022 were \$63,245 and \$50,667, respectively.

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L. CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Organization did not receive donated property and services significant enough to be recognized as contributions for the year ended December 31, 2023. The Organization received donated property and materials valued at \$48,244 for the year ended December 31, 2022.

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:

	2023	2022
Cash and cash equivalents	\$ 103,219	\$ 553,692
Receivables	915,361	1,514,275
Investments	591,186	538,197
Total financial assets	1,609,766	2,606,164
Less amounts not available to be used within one year:		
Board designated for endowment	296,810	256,222
Donor-restricted perpetual endowment	253,641	241,240
Total financial assets not available to be used within one year	550,451	497,462
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,059,315	\$ 2,108,702

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M. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

As more fully described in Note E, the Organization also has a committed line of credit in the amount of \$350,000 to be drawn upon in the event of an unanticipated liquidity need for the year ending December 31, 2023.

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.

N. 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 expected 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 was shown as an employee retention credit grant receivable at December 31, 2022. The remaining balance was collected during the year ended December 31, 2023.

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.