

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Audited Financial Statements
Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Time of Grace Ministry
Milwaukee, Wisconsin

Opinion

We have audited the accompanying financial statements of Time of Grace Ministry (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, the related statements of activities, cash flows and functional expenses for the year 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 Time of Grace Ministry as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United State 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 Time of Grace Ministry and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Time of Grace Ministry'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.

Reilly, Penner & Benton LLP

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Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 Time of Grace Ministry'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 Time of Grace Ministry'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.

Reilly, Pennu & Benton LLP

October 4, 2022
Milwaukee, Wisconsin

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Statements of Financial Position

December 31, 2021

	<u>2021</u>
Assets:	
Current Assets:	
Cash and equivalents	\$ 1,689,586
Accounts receivable	405
Investments	167,003
Prepaid expenses	48,087
Inventory	41,333
Total current assets	<u>1,946,414</u>
Noncurrent Assets:	
Restricted cash	9,383
Property and Equipment:	
Furniture & equipment	760,940
Leasehold improvements	115,712
Computer software and website	203,951
Accumulated depreciation and amortization	<u>(1,001,402)</u>
Net property and equipment	<u>79,201</u>
Total noncurrent assets	<u>88,584</u>
Total assets	<u><u>\$ 2,034,998</u></u>
Liabilities and Net Assets:	
Current Liabilities:	
Accounts payable	181,125
Accrued expenses	50,527
Total current liabilities	<u>231,652</u>
Total liabilities	231,652
Net Assets:	
Without donor restrictions	1,803,346
With donor restrictions	---
Total net assets	<u>1,803,346</u>
Total liabilities and net assets	<u><u>\$ 2,034,998</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Statements of Activities

For the Year Ended December 31, 2021

	2021		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues:			
Contributions	\$ 5,124,584	\$ ---	\$ 5,124,584
Other income	16,169	---	16,169
Interest income - cash	303	---	303
Publication sales:			
Publication sales	69,950	---	69,950
Less cost of goods sold	(22,901)	---	(22,901)
Less premiums donated	(26,921)	---	(26,921)
Net publication sales	20,128	---	20,128
Investment return:			
Realized gain (loss) on investments	2,732	---	2,732
Unrealized gain (loss) on investments	10,184	---	10,184
Interest income	12,484	---	12,484
Investment expense	(1,678)	---	(1,678)
Net investment return	23,722	---	23,722
Net assets released from restrictions	60,000	(60,000)	---
Net revenues	5,244,906	(60,000)	5,184,906
Expenses:			
Program services	3,632,088	---	3,632,088
Administration	349,027	---	349,027
Fundraising	431,077	---	431,077
Total expenses	4,412,192	---	4,412,192
Change in net assets	832,714	(60,000)	772,714
Net assets, beginning of year, as previously stated	953,280	60,000	1,013,280
Prior period adjustment	17,352	---	17,352
Net assets, beginning of the year, as restated	970,632	60,000	1,030,632
Net assets, end of the year	<u>\$ 1,803,346</u>	<u>\$ ---</u>	<u>\$ 1,803,346</u>

The accompanying notes to financial statements
are an integral part of these statements.

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Statements of Cash Flows
Year Ended December 31, 2021

	<u>2021</u>
Cash Flows from Operating Activities:	
Change in net assets	\$ 772,714
Adjustments to Reconcile Change in Net Assets to Net Cash and Equivalents Provided by Operations:	
Depreciation and amortization	51,003
Realized (gain) loss on investments	(2,732)
Unrealized (gain) loss on investments	(10,184)
Changes in Assets and Liabilities:	
Accounts receivable	(405)
Promises to give	35,000
Prepaid expenses	(17,200)
Inventory	11,368
Accounts payable	44,570
Accrued expenses	3,579
Total adjustments	<u>114,999</u>
Net cash and equivalents provided by operating activities	<u>887,713</u>
 Cash Flows from Investing Activities:	
Purchase of investments	<u>(48,206)</u>
Net cash and equivalents used by investing activities	<u>(48,206)</u>
 Cash Flows from Financing Activities:	
Borrowings on line of credit	260,000
Payments on line of credit	(260,000)
Payments on capital lease	<u>(1,544)</u>
Net cash and equivalents used by financing activities	<u>(1,544)</u>
 Net increase in cash and equivalents	837,963
 Cash and equivalents, beginning of year	<u>861,006</u>
 Cash and equivalents, end of year	<u><u>\$ 1,698,969</u></u>
 Supplemental Information:	
Interest paid	<u><u>\$ 2,066</u></u>
 Cash and equivalents:	
Current	\$ 1,689,586
Restricted	9,383
Total cash and equivalents	<u><u>\$ 1,698,969</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Statement of Functional Expenses

For the Year Ended December 31, 2021

	Program			Premiums Donated	2021
	Services	Administration	Fundraising	and Cost of Goods Sold	Total
Salaries and wages	\$ 609,350	\$ 144,049	\$ 270,566	\$ ---	\$ 1,023,965
Employee benefits	59,428	49,265	37,878	---	146,571
Retirement plan contributions	19,191	5,823	10,509	---	35,523
Payroll taxes	45,522	10,665	20,048	---	76,235
Media production	529,324	---	855	---	530,179
National distribution	1,228,591	---	---	---	1,228,591
Advertising and promotion	421,274	---	2,840	---	424,114
Website	354	---	---	---	354
Accounting and audit fees	---	12,550	---	---	12,550
Contracted services	191,504	12,215	59,635	---	263,354
Dues and subscriptions	645	967	---	---	1,612
Rent	15,922	3,557	9,754	---	29,233
Insurance	14,130	9,532	---	---	23,662
Office supplies	45,809	22,169	1,398	---	69,376
Postage and shipping	258,880	4,350	1	---	263,231
Printing	5,943	216	10	---	6,169
Telephone	1,114	12,240	1,218	---	14,572
Conferences and meetings	22,011	7,463	1,522	---	30,996
Travel	16,705	1,185	11,578	---	29,468
Utilities	6,149	1,243	3,265	---	10,657
Depreciation and amortization	51,003	---	---	---	51,003
Repairs and maintenance	---	8,995	---	---	8,995
Donation	84,767	---	---	---	84,767
Interest	44	2,022	---	---	2,066
Cost of goods sold - publications	---	---	---	22,901	22,901
Premiums donated - publications	---	---	---	26,921	26,921
Miscellaneous	4,428	40,521	---	---	44,949
Total expenses by function	3,632,088	349,027	431,077	49,822	4,462,014
Less cost of goods sold included with revenues on the statement of activities	---	---	---	(49,822)	(49,822)
Total expenses included in the expense section on the statement of activities	\$ 3,632,088	\$ 349,027	\$ 431,077	\$ ---	\$ 4,412,192

The accompanying notes to financial statements
are an integral part of these statements.

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Notes to the Financial Statements

Year Ended December 31, 2021

1. Summary of Significant Accounting Policies

A. Nature of the Organization

Time of Grace Ministry ("Organization") is a nonprofit corporation and worldwide media ministry. The Organization serves people who want more growth and less struggle in their spiritual walk. They share the truth of God's Word simply and clearly through television, print, and digital media that people view millions of times each month. They connect people to God's grace so they know they are loved and forgiven and can start experiencing a joy-filled life no matter what challenges life brings.

B. Basis of Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America ("U.S. GAAP").

C. Net Assets

U.S. GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor or certain grantor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. The governing board has designated, from net assets without donor restrictions, net assets for use in the Organization's opportunity and outreach areas.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor or grantor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor or grantor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

As of December 31, 2021, there are no donor or grantor restrictions that are perpetual in nature.

D. Cash and Equivalents

For purposes of the statements of cash flows, cash and equivalents include all cash on hand, checking and savings accounts and highly liquid debt instruments with original maturities of three months or less.

The Organization has restricted cash and equivalents of \$9,383 as of December 31, 2021 as required by the Wisconsin Unemployment reserve fund.

E. Receivables

Receivables are recorded at contract value less management's estimate for uncollectible amounts based on their experience relative to the total population of receivables. Management has determined no allowance for doubtful accounts is necessary, other than those related to the promises to give.

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Notes to the Financial Statements
Year Ended December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Investment Valuation and Income Recognition

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under U.S. GAAP are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of December 31, 2021, the Organization does not own any investments that fall under the level 2 or 3 measurement category.

Purchases and sales of investments are recorded on a trade-date basis. Interest and dividend income is recorded on the accrual basis.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2021.

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

G. Inventory

Inventory comprises program-related publications held for sale or to be given as gifts to donors. Inventory is stated at the lower of cost or market determined by the first-in first-out method. Management has determined that no allowance for inventory obsolescence is necessary at December 31, 2021.

TIME OF GRACE MINISTRY
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Notes to the Financial Statements
Year Ended December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (Continued)

H. Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation or amortization is provided over the estimated useful life of depreciable assets and is computed using the straight-line method. Estimated useful lives of property and equipment are as follows:

	<u>Useful Lives</u>
Leasehold improvements	3 to 10 years
Furniture and equipment	3 to 10 years
Computer software and website	3 to 5 years

I. Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Revenue from performance obligations satisfied at a point in time consists of the following:

- **Publication sales** - recognized as performance obligations (sales) are met

Revenue from non-exchange transactions consist of the following:

- **Contributions of cash and promises to give** – Gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions having donor stipulations that are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using risk-free interest rates applicable to the years in which the contributions are promised and is reported as contribution revenue. Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.
- **Contributions of goods and services** – The Organization receives various types of contributed goods and services support, professional services, facilities supplies, and equipment. Contributed professional services are recognized 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. Contributed facilities are recorded at the fair market value of the space. Contributed tangible assets are recognized at fair market value as determined by the donor when received. During the year ended December 31, 2021, the Organization did not receive any in-kind contributions that met the criteria for recognition.

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Notes to the Financial Statements
Year Ended December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (Continued)

J. Advertising and Promotion

Advertising and promotion costs are expensed as incurred and totaled \$424,114 for the year ended December 31, 2021.

K. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Functional Expense Allocation

Directly identifiable expenses are charged to program, administration and fundraising. Expenses related to more than one function are charged to program, administration and fundraising based on which department the expense is incurred and on the nature of the expense.

K. Tax Status

The Organization is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code ("the Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt from state taxes.

The Organization recognizes the benefit of a tax position only after determining whether it is more likely than not that the taxing authority would sustain the tax position upon examination of the technical merits of the tax position, assuming the taxing authority has full knowledge of all information. The Organization has recorded no assets or liabilities related to uncertain tax positions.

L. Promises to Give

All unconditional promises to give are expected to be received in one year or less. The Organization has no unconditional promises to give as of December 31, 2021. Management has determined there are no uncollectible amounts at December 31, 2021.

M. Subsequent Events

Management has evaluated all subsequent events through the date the financial statements were available for distribution (October 4, 2022) for possible inclusion as a disclosure in the financial statements. See note 9 for a subsequent commitment and note 10 for a subsequent lease entered into.

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Notes to the Financial Statements
Year Ended December 31, 2021
(Continued)

2. Liquidity and Availability

Financial assets available for general expenditure and other current contractual obligations, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	<u>2021</u>
Cash and equivalents	\$ 1,689,586
Investments	167,003
Accounts receivable	405
Total financial assets	1,856,994
Less amounts not available to be used within one year for general expenditures:	
Restricted by donor with time or purpose restrictions	---
Financial assets available to meet cash needs for general expenditures and current contractual obligations within one year	\$ 1,856,994

3. Related Party Transactions

The Organization occupies production facilities that are owned by a church whose pastor is also a Speaker of the Organization. In lieu of rent, the Organization made voluntary contributions to the church and is still responsible for a portion of the utility expense. Contributions in lieu of rent for the year ended December 31, 2021 totaled \$84,767.

4. Major Donor

For the year ended December 31, 2021, no donors contributed more than 10% of net revenues.

5. Investments

Investments as of December 31, 2021 consisted of the following:

	<u>Fair Value</u>	<u>Cost or Gift Value</u>
Investments:		
Mutual funds:		
Large-cap equities	\$ 70,362	\$ 56,632
Small/mid-cap equities	59,750	55,940
International equity	22,919	23,118
Bond funds	13,972	14,057
Total mutual funds	\$ 167,003	\$ 149,747

All investments as of December 31, 2021 fall under the level 1 measurement category classification of investments at fair value by classification and method of valuation in accordance with the requirements of U.S. GAAP.

6. Line of Credit

The Organization has entered into a line of credit agreement with a local financial institution. The available line of credit is \$600,000 with interest at the greater of the prime rate or 4.00% (effective rate of 4.00% at December 31, 2021). The line of credit is secured by a general business security agreement. There was no balance owed on the line of credit at December 31, 2021. Interest expense for the year ended December 31, 2021 amounted to \$2,022.

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Notes to the Financial Statements

Year Ended December 31, 2021

(Continued)

7. Net Assets Without Donor Restrictions

Net assets without donor restrictions at December 31, consist of:

	<u>2021</u>
Undesignated	\$ 1,344,711
Board-designated investment and rainy day funds	<u>458,635</u>
Total net assets without donor restrictions	\$ <u>1,803,346</u>

8. Net Assets With Donor Restrictions

The Organization had no net assets with donor restrictions as of December 31, 2021.

9. Other Commitments

In January 2022, the Organization entered into an agreement with CJ & Associates for purchase and delivery of the office furniture for the new office space. The total estimated cost of the furniture and delivery was quoted at \$105,011. As of the report date, the Organization has paid \$31,503 of this total. Remaining payments on the estimated total are expected to be made upon final delivery of all furniture. Complete furniture delivery has not yet happened as of the report date.

The Organization entered into a data science and analytics service contract with RJ Dunham & Company in January 2022. The agreement requires monthly payments of \$7,500. Contract payments made through the report date total \$30,000. Remaining payments on the contract are \$60,000.

The Organization entered into a publicity campaign design services agreement with Jones Literary at the end of 2021. The agreement is for 12 months starting in January 2022. The agreement requires monthly payments of \$2,500. Payments on the agreement made through the report date total \$10,000. Remaining payments on the agreement total \$20,000.

In March 2022, the Organization entered into a content management services agreement with Vimeo. The agreement is for two years for \$72,000. The agreement will be paid over the two years with an annual payment of \$36,000.

The Organization entered into an annual charitable solicitation agreement with Harbor Compliance in January 2022. The agreement is for 12 months starting in January 2022. The agreement requires a total annual payment of \$5,472. This amount will be due upon completed services.

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Notes to the Financial Statements

Year Ended December 31, 2021

(Continued)

10. Capital Lease Obligation

The Organization acquired a phone system under the provisions of a long-term capital lease from Great America Financial Services during the year ended December 31, 2018. The lease expired June 30, 2021. The lease required monthly principal and interest payments of \$265. Interest expense relating to this lease was \$44 for the year ended December 31, 2021.

The following is a summary of the property held under capital lease as of December 31:

	<u>2021</u>
Equipment	\$ 8,306
Accumulated amortization	<u>(5,814)</u>
Net	\$ <u>2,492</u>

11. Operating Leases

The Organization has entered into a lease for office equipment in 2021 that was determined to be an operating lease. The lease expires in 2025 and requires monthly payments of \$231. Payments made on the office equipment leases for the year ended December 31, 2021 were \$3,336. Minimum payment requirements for the years ended December 31 are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2022	\$ 2,774
2023	2,774
2024	2,774
2025	1,386
Total	\$ <u>9,708</u>

The Organization entered into a lease to rent space owned by a church (a former related party). The Organization is required to pay base rent as specified in the lease. Rent expense related to this lease was \$29,232 for the year ended December 31, 2021. The Organization renewed the lease for an additional year, which would have expired on June 30, 2022. Subsequent to year-end, the Organization moved to a new location as described in the following paragraph. The lessor of the old space agreed to terminate the lease with no penalty. Total monthly rent payments made in 2022 are \$4,944.

The Organization entered into a lease for use of a building beginning in February 2022. The lease term is for 88 months, expiring in May 2029. The Organization is required to pay base rent as specified in the lease, as well as estimated common area maintenance (CAM) charges and estimated real estate taxes. Total estimated future lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2022	\$ 66,344
2023	90,965
2024	93,440
2025	95,949
2026 and thereafter	<u>377,372</u>
Total	\$ <u>724,070</u>

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Notes to the Financial Statements
Year Ended December 31, 2021
(Continued)

12. Retirement Plan

The Organization has a 401(k) retirement plan that covers substantially all of its full-time and most part-time employees. The Organization may make discretionary contributions to the plan. Retirement plan contributions were \$35,523 for the year ended December 31, 2021.

13. Concentration of Credit Risk

The Organization maintains depository relationships with area financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation ("FDIC") up to specified limits. Balances in excess of FDIC limits are uninsured. The Organization has never experienced any losses related to these balances.

14. Correction of Error

The Organization informed us they incorrectly left a fixed asset in service during the year ended December 31, 2020. This resulted in an overstatement of fixed assets and its associated depreciation. It was also determined that the Organization had program related inventory that was not originally included in their financial statements as of year-end December 31, 2020.

An adjustment as of December 31, 2020 has been made which includes the adjustments to the following accounts:

	<u>Adjustment</u>
Inventory	\$ 52,701
Leasehold improvements	(47,132)
Accumulated depreciation and amortization	<u>11,783</u>
Net Assets without donor restriction	\$ <u>17,352</u>