

**TIME OF GRACE MINISTRY**  
Milwaukee, Wisconsin

**Audited Financial Statements**  
Years Ended December 31, 2019 and 2018

**Table of Contents**

	<b><u>Page(s)</u></b>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 14



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Time of Grace Ministry  
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Time of Grace Ministry (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Time of Grace Ministry as of December 31, 2019 and 2018, 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.

*Reilly, Penner & Benton LLP*

April 29, 2020  
Milwaukee, Wisconsin

**TIME OF GRACE MINISTRY**  
Milwaukee, Wisconsin

**Statements of Financial Position**  
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and equivalents	\$ 210,969	\$ 248,349
Grants receivable	---	40,000
Investments	58,843	25,772
Prepaid expenses	22,664	16,708
<b>Total current assets</b>	292,476	330,829
<b>Property and Equipment:</b>		
Furniture & equipment	716,861	716,861
Leasehold improvements	162,845	162,845
Computer software and website	203,951	187,031
Accumulated depreciation and amortization	(888,788)	(816,449)
<b>Net property and equipment</b>	194,869	250,288
 <b>Total assets</b>	 <b>\$ 487,345</b>	 <b>\$ 581,117</b>
 <b>Liabilities and Net Assets:</b>		
<b>Current Liabilities:</b>		
Accounts payable	166,918	62,829
Accrued expenses	45,498	44,739
Capital lease, current portion	2,873	2,610
<b>Total current liabilities</b>	215,289	110,178
<b>Noncurrent Liabilities:</b>		
Capital lease, net of current portion	1,544	4,417
<b>Total liabilities</b>	216,833	114,595
<b>Net Assets:</b>		
Without donor restrictions	269,696	426,522
With donor restrictions	816	40,000
<b>Total net assets</b>	270,512	466,522
 <b>Total liabilities and net assets</b>	 <b>\$ 487,345</b>	 <b>\$ 581,117</b>

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

**TIME OF GRACE MINISTRY**

Milwaukee, Wisconsin

**Statements of Activities**

For the Years Ended December 31, 2019 and 2018

	2019			2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues:</b>						
Contributions	\$ 3,436,466	\$ ---	\$ 3,436,466	\$ 4,128,287	\$ 40,000	\$ 4,168,287
Other income	18,448	---	18,448	11,017	---	11,017
Contributed goods and services	---	---	---	1,260	---	1,260
<b>Investment return:</b>						
Realized gain on investments	4,274	---	4,274	---	---	---
Unrealized gain (loss) on investments	2,179	---	2,179	(2,239)	---	(2,239)
Interest income	1,136	---	1,136	1,328	---	1,328
Investment expense	(519)	---	(519)	---	---	---
<b>Net investment return</b>	7,070	---	7,070	(911)	---	(911)
Net assets released from restrictions	39,184	(39,184)	---	---	---	---
<b>Net revenues</b>	3,501,168	(39,184)	3,461,984	4,139,653	40,000	4,179,653
<b>Expenses:</b>						
Program services	2,997,660	---	2,997,660	3,201,314	---	3,201,314
Administration	284,479	---	284,479	304,065	---	304,065
Fundraising	375,855	---	375,855	405,851	---	405,851
<b>Total expenses</b>	3,657,994	---	3,657,994	3,911,230	---	3,911,230
<b>Change in net assets</b>	(156,826)	(39,184)	(196,010)	228,423	40,000	268,423
Net assets, beginning of the year	426,522	40,000	466,522	198,099	---	198,099
<b>Net assets, end of the year</b>	<u>\$ 269,696</u>	<u>\$ 816</u>	<u>\$ 270,512</u>	<u>\$ 426,522</u>	<u>\$ 40,000</u>	<u>\$ 466,522</u>

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

**TIME OF GRACE MINISTRY**  
Milwaukee, Wisconsin

**Statements of Cash Flows**  
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (196,010)	\$ 268,423
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations:</b>		
Depreciation and amortization	72,339	61,691
Realized gain on investments	(4,274)	---
Unrealized (gain) loss on investments	(2,179)	2,239
<b>Changes in Assets and Liabilities:</b>		
Grants receivable	40,000	(40,000)
Prepaid expenses	(5,956)	7,817
Accounts payable	104,089	(29,614)
Accrued expenses	759	1,316
Total adjustments	204,778	3,449
<b>Net cash provided by operating activities</b>	8,768	271,872
 <b>Cash Flows from Investing Activities:</b>		
Purchase of fixed assets	(16,920)	(144,484)
Proceeds from sale of investments	20,000	---
Purchase of investments	(46,618)	(3,499)
<b>Net cash used by investing activities</b>	(43,538)	(147,983)
 <b>Cash Flows from Financing Activities:</b>		
Borrowings on line of credit	280,000	387,000
Payments on line of credit	(280,000)	(787,000)
Payments on capital lease	(2,610)	(1,280)
<b>Net cash used by financing activities</b>	(2,610)	(401,280)
 <b>Net decrease in cash and equivalents</b>	(37,380)	(277,391)
 Cash and equivalents, beginning of year	248,349	525,740
 <b>Cash and equivalents, end of year</b>	\$ 210,969	\$ 248,349
 <b>Supplemental Information:</b>		
Interest paid	\$ 4,483	\$ 9,085
Fixed asset purchase finance by capital lease	\$ ---	\$ 8,306

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, 2019

	<b>Program</b>			<b>2019</b>
	<b><u>Services</u></b>	<b><u>Administration</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Salaries and wages	\$ 596,282	\$ 125,477	\$ 228,584	\$ 950,343
Employee benefits	64,900	29,362	28,334	122,596
Retirement plan contributions	26,985	5,926	9,073	41,984
Payroll taxes	44,305	9,283	17,050	70,638
Media production	255,333	---	---	255,333
National distribution	1,203,867	---	---	1,203,867
Advertising and promotion	68,006	---	54	68,060
Website	10,597	---	---	10,597
Accounting and audit fees	---	11,950	---	11,950
Contracted services	195,184	15,384	60,344	270,912
Dues and subscriptions	468	1,392	---	1,860
Rent	8,928	1,872	3,600	14,400
Insurance	15,693	9,122	---	24,815
Office supplies	21,672	12,417	2,150	36,239
Postage and shipping	98,970	241	1,019	100,230
Printing	173,295	228	---	173,523
Telephone	1,070	10,398	974	12,442
Conferences and meetings	6,041	2,636	1,258	9,935
Travel	28,675	4,605	17,791	51,071
Utilities	5,409	1,134	2,181	8,724
Depreciation and amortization	72,339	---	---	72,339
Repairs and maintenance	1,375	7,363	---	8,738
Donation	97,455	1,790	3,443	102,688
Interest	565	4,888	---	5,453
Miscellaneous	246	29,011	---	29,257
<b>Totals</b>	<b>\$ 2,997,660</b>	<b>\$ 284,479</b>	<b>\$ 375,855</b>	<b>\$ 3,657,994</b>

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, 2018

	<b>Program</b>			<b>2018</b>
	<b><u>Services</u></b>	<b><u>Administration</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Salaries and wages	\$ 608,201	\$ 124,678	\$ 233,308	\$ 966,187
Employee benefits	55,531	44,540	28,102	128,173
Retirement plan contributions	17,934	5,624	9,456	33,014
Payroll taxes	45,337	9,229	17,436	72,002
Media production	349,946	---	---	349,946
National distribution	1,297,646	---	---	1,297,646
Advertising and promotion	73,018	---	354	73,372
Website	935	---	---	935
Accounting and audit fees	---	11,740	---	11,740
Contracted services	232,782	9,859	68,311	310,952
Dues and subscriptions	1,169	1,369	---	2,538
Insurance	15,338	9,282	---	24,620
Office supplies	17,982	15,201	91	33,274
Postage and shipping	104,133	353	627	105,113
Printing	144,832	---	---	144,832
Telephone	8,053	6,402	1,172	15,627
Conferences and meetings	14,996	1,839	2,397	19,232
Travel	33,180	2,466	25,090	60,736
Utilities	5,537	1,046	2,008	8,591
Depreciation and amortization	61,691	---	---	61,691
Repairs and maintenance	1,304	6,742	---	8,046
Donations	110,867	9,099	17,499	137,465
Interest	---	8,922	---	8,922
Miscellaneous	902	35,674	---	36,576
<b>Totals</b>	<b>\$ 3,201,314</b>	<b>\$ 304,065</b>	<b>\$ 405,851</b>	<b>\$ 3,911,230</b>

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



## TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

### Notes to the Financial Statements Years Ended December 31, 2019 and 2018

#### 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, 2019 and 2018, 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.

##### E. 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.

## TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

### Notes to the Financial Statements

Years Ended December 31, 2019 and 2018

(Continued)

#### 1. Summary of Significant Accounting Policies (Continued)

##### E. Investment Valuation and Income Recognition (Continued)

**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, 2019 and 2018, 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, 2019 and 2018.

*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.

##### F. Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation 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

## **TIME OF GRACE MINISTRY**

Milwaukee, Wisconsin

### **Notes to the Financial Statements**

Years Ended December 31, 2019 and 2018

(Continued)

#### **1. Summary of Significant Accounting Policies (Continued)**

##### **G. Contributions**

Contributions are recognized when a donor makes an unconditional promise to give to the Organization. Contributions received are recorded as with or without donor restriction, depending on the existence and nature of any donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Conditional promises to give are reported at fair value at the date the gift was deemed unconditional. The gifts are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

##### **H. Advertising and Promotion**

Advertising and promotion costs are expensed as incurred and totaled \$68,060 and \$73,372 for the years ended December 31, 2019 and 2018, respectively.

##### **I. 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.

##### **J. 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. 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 there are no uncollectible amounts at December 31, 2019 and 2018.

## TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

### Notes to the Financial Statements

Years Ended December 31, 2019 and 2018

(Continued)

#### 1. Summary of Significant Accounting Policies (Continued)

##### M. Contributions In-Kind

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. The amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in assets and expenses. Contributions in-kind for the years ended December 31, 2019 and 2018 amounted to \$0 and \$1,260, respectively.

##### N. Subsequent Events

Management has evaluated all subsequent events through the date the financial statements were available for distribution (April 29, 2020) for possible inclusion as a disclosure in the financial statements. The COVID-19 outbreak in the United States has caused business disruption through state mandated "Safer at Home" order. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the order. As a result, economic uncertainties have arisen which are likely to negatively impact donations. Other financial impact could occur though such potential impact is unknown at this time. The Organization has received a Paycheck Protection Program (PPP) loan in the amount of \$233,618 to assist with operation expenses.

##### O. Change in Accounting Principle

Financial Accounting Standards Board Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or a point in time, and expand disclosures about revenue. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, Financial Accounting Standards Board issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

#### 2. Investments

Investments as of December 31, 2019 consisted of the following:

	<u>Fair Value</u>	<u>Cost or Gift Value</u>
<b>Investments:</b>		
Mutual funds:		
Large-cap equities	\$ 34,979	\$ 32,223
Small/mid-cap equities	14,189	14,393
Bond funds	9,675	9,543
<b>Total mutual funds</b>	<u>\$ 58,843</u>	<u>\$ 56,159</u>

**TIME OF GRACE MINISTRY**  
Milwaukee, Wisconsin

**Notes to the Financial Statements**  
Years Ended December 31, 2019 and 2018  
(Continued)

**2. Investments (Continued)**

All investments as of December 31, 2019 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.

Investments as of December 31, 2018 consisted of the following:

	<u>Fair Value</u>	<u>Cost or Gift Value</u>
<b>Investments:</b>		
Mutual funds:		
Large-cap equities	\$ <u>25,772</u>	\$ <u>25,267</u>

All investments as of December 31, 2018 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.

**3. 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 4.75% (effective rates of 4.75% and 5.5% at December 31, 2019 and 2018, respectively). 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, 2019 and 2018.

**4. Net Assets Without Donor Restrictions**

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

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 219,742	\$ 426,522
Board-designated	<u>49,954</u>	<u>---</u>
<b>Total net assets without donor restrictions</b>	<b>\$ <u>269,696</u></b>	<b>\$ <u>426,522</u></b>

**5. Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2019</u>	<u>2018</u>
<b>Purpose restricted:</b>		
Technology	<u>\$ 816</u>	<u>\$ 40,000</u>

In addition, net assets with donor restrictions as of December 31, 2018 are restricted by time.

**6. Related Party Transactions**

The Organization occupies administrative and production facilities that are owned by a church whose pastor is also a Speaker of the Organization. On July 1, 2019, the Organization signed a lease for use of this space (see Footnote 11). Prior to the signing of this lease, 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 years ended December 31, 2019 and 2018 totaled \$102,688 and \$137,465, respectively. See Note 11 for information on the lease with this related party.

## TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

### Notes to the Financial Statements

Years Ended December 31, 2019 and 2018

(Continued)

#### 7. 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.

#### 8. Major Donor

For the year ended December 31, 2019, one donor contributed more than 10% of net revenues. For the year ended December 31, 2018, no donor contributed more than 10% of net revenues.

#### 9. 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 \$41,984 and \$33,014 for the years ended December 31, 2019 and 2018, respectively.

#### 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, 2019. The lease expires June 30, 2021 and has an implicit interest rate of 9.66 percent. For financial reporting purposes, minimum lease payments relating to these items have been capitalized. Debt principal and interest payments are included when paid in accordance with requirements established by the Wisconsin Administrative Code. The lease requires monthly principal and interest payments of \$265. Interest expense relating to this lease was \$565 and \$308 for the years ended December 31, 2019 and 2018, respectively.

The future minimum lease payments under this capital lease are as follows:

Total minimum lease payments		
2020	\$	3,175
2021		1,588
<b>Total</b>		<u>4,763</u>
Less: Amount representing interest		346
Present value of net minimum lease payments		<u>4,417</u>
Less: Current portion		<u>2,873</u>
<b>Long-term capital lease obligation</b>	<b>\$</b>	<b><u>1,544</u></b>

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

	<u>2019</u>	<u>2018</u>
Equipment	\$ 8,306	\$ 8,306
Accumulated amortization	<u>(2,492)</u>	<u>(831)</u>
<b>Net</b>	<b>\$ 5,814</b>	<b>\$ 7,475</b>

**TIME OF GRACE MINISTRY**  
Milwaukee, Wisconsin

**Notes to the Financial Statements**  
Years Ended December 31, 2019 and 2018  
(Continued)

**11. Operating Leases**

The Organization has a lease for office equipment that was determined to be an operating lease. The lease expires in 2021. Payments made on the office equipment leases for the years ended December 31, 2019 and 2018 were \$2,069 and \$2,342, respectively. Minimum payment requirements for the years ended December 31 are as follows:

2020	\$	2,028
2021		1,690
<b>Total</b>	<b>\$</b>	<b>3,718</b>

The Organization entered into a lease to rent space owned by a church (a related party). The Organization is required to pay base rent as specified in the lease. The current lease expires June 30, 2020. The Organization intends to renew the lease for an additional year, which will expire on June 30, 2021. The minimum future lease payments are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2020	\$ 29,232
2021	14,832
<b>Total</b>	<b>\$ 44,064</b>

Rent expense related to this lease was \$14,400 and \$0 for the years ended December 31, 2019 and 2018, respectively.

**12. 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>2019</u>	<u>2018</u>
Cash and equivalents	\$ 210,969	\$ 248,349
Investments	58,843	25,772
Grants receivable	---	40,000
<b>Total financial assets</b>	269,812	314,121
<b>Less amounts not available to be used within one year for general expenditures:</b>		
Restricted by donor with time or purpose restrictions	(816)	(40,000)
<b>Financial assets available to meet cash needs for general expenditures and current contractual obligations within one year</b>	\$ 268,996	\$ 274,121

**13. Reclassifications**

Certain amounts in the prior-period comparative information have been reclassified to conform to their current year presentation.