



**NEW LIFE FELLOWSHIP
CHURCH, INC.**

Financial Statements
With Independent Auditors' Report

December 31, 2022 and 2021

NEW LIFE FELLOWSHIP CHURCH, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Elders
New Life Fellowship Church, Inc.
Elmhurst, New York

Opinion

We have audited the accompanying financial statements of New Life Fellowship Church, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Life Fellowship Church, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Life Fellowship Church, Inc. 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 these 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 New Life Fellowship Church, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Elders
New Life Fellowship Church, Inc.
Elmhurst, New York

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 auditors' 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 New Life Fellowship Church, Inc.'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 New Life Fellowship Church, Inc.'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.

Capin Crouse LLP

New York, New York
April 27, 2023

NEW LIFE FELLOWSHIP CHURCH, INC.

Statements of Financial Position

	December 31,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 980,509	\$ 730,939
Investments	-	251,901
Prepaid expenses and other assets	10,499	17,002
Restricted cash	1,601,918	1,600,367
Property and equipment, net	4,480,422	4,835,263
Total Assets	<u>\$ 7,073,348</u>	<u>\$ 7,435,472</u>
LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	\$ 207,656	\$ 203,907
Deferred revenue	35,740	24,318
Loan payable	1,603,530	1,707,784
Total liabilities	<u>1,846,926</u>	<u>1,936,009</u>
Net assets:		
Without donor restrictions	5,190,206	5,494,966
With donor restrictions	36,216	4,497
Total net assets	<u>5,226,422</u>	<u>5,499,463</u>
Total Liabilities and Net Assets	<u>\$ 7,073,348</u>	<u>\$ 7,435,472</u>

See notes to financial statements

NEW LIFE FELLOWSHIP CHURCH, INC.

Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RELEASES:						
Tithes, offerings and contributions	\$ 3,278,266	\$ 55,209	\$ 3,333,475	\$ 3,048,567	\$ 62,771	\$ 3,111,338
Investment income	756	-	756	2,444	-	2,444
Other income	99,308	-	99,308	68,565	-	68,565
Net assets released by satisfaction of purpose restrictions	23,490	(23,490)	-	111,619	(111,619)	-
Total Support, Revenue and Releases	3,401,820	31,719	3,433,539	3,231,195	(48,848)	3,182,347
EXPENSES:						
Program services	2,887,527	-	2,887,527	2,577,802	-	2,577,802
Management and general	819,053	-	819,053	782,329	-	782,329
Total Expenses	3,706,580	-	3,706,580	3,360,131	-	3,360,131
Change in Net Assets	(304,760)	31,719	(273,041)	(128,936)	(48,848)	(177,784)
Net Assets, Beginning of Year	5,494,966	4,497	5,499,463	5,623,902	53,345	5,677,247
Net Assets, End of Year	\$ 5,190,206	\$ 36,216	\$ 5,226,422	\$ 5,494,966	\$ 4,497	\$ 5,499,463

See notes to financial statements

NEW LIFE FELLOWSHIP CHURCH, INC.

Statements of Functional Expenses

	Year Ended December 31,					
	2022			2021		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries, benefits and payroll taxes	\$ 1,592,529	\$ 487,664	\$ 2,080,193	\$ 1,344,857	\$ 460,037	\$ 1,804,894
Depreciation	347,487	103,795	451,282	343,382	117,461	460,843
Occupancy costs	133,428	39,855	173,283	94,672	32,384	127,056
Consulting and professional fees	127,742	34,935	162,677	117,469	36,070	153,539
Missions and outreach support	158,844	-	158,844	150,589	-	150,589
Equipment, maintenance and repairs	113,593	33,930	147,523	99,818	34,145	133,963
Supplies and office expenses	84,182	17,953	102,135	49,612	10,160	59,772
Grants	100,000	-	100,000	206,220	-	206,220
Interest	72,011	21,510	93,521	70,539	24,129	94,668
Other expenses	36,403	55,315	91,718	18,276	48,600	66,876
Insurance	66,335	19,814	86,149	56,526	19,336	75,862
Conferences and events	54,973	4,282	59,255	25,842	7	25,849
Total Expenses	<u><u>\$ 2,887,527</u></u>	<u><u>\$ 819,053</u></u>	<u><u>\$ 3,706,580</u></u>	<u><u>\$ 2,577,802</u></u>	<u><u>\$ 782,329</u></u>	<u><u>\$ 3,360,131</u></u>

See notes to financial statements

NEW LIFE FELLOWSHIP CHURCH, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (273,041)	\$ (177,784)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	451,282	460,843
Contributions restricted for investment in property and equipment	(46,620)	(53,003)
Realized and unrealized (gain) loss on investments	4,574	(591)
Changes in:		
Prepaid expenses and other assets	6,503	(8,702)
Accounts payable and accrued expenses	3,749	24,775
Deferred revenue	11,422	24,318
Net Cash Provided by Operating Activities	157,869	269,856
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,754)	(28,236)
Proceeds from sale of investments	252,081	34,428
Acquisition of property and equipment	(96,441)	(85,383)
Net Cash Provided (Used) by Investing Activities	150,886	(79,191)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collections of contributions restricted to investment in property and equipment	46,620	53,003
Principal payments on loan payable	(104,254)	(103,534)
Net Cash Used by Financing Activities	(57,634)	(50,531)
Change in Cash, Cash Equivalents and Restricted Cash	251,121	140,134
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	2,331,306	2,191,172
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 2,582,427	\$ 2,331,306
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	\$ 93,521	\$ 94,668

See notes to financial statements

NEW LIFE FELLOWSHIP CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

New Life Fellowship Church, Inc. (the Church) is a religious corporation organized under the Religious Corporations Law of the State of New York that operates in Elmhurst in the borough of Queens in the City of New York and in Hempstead, New York. The Church's mission is to be a multiracial community deeply transforming lives through Jesus for the sake of the world. The Church is supported primarily through contributions from the congregation.

The Church is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and state income tax under comparable law. The Church is not a private foundation under Section 509(a)(1) of the Code. Contributions to the Church are deductible for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant accounting policies followed are described below.

CASH AND CASH EQUIVALENTS AND CREDIT RISK

Cash and cash equivalents include cash on hand, checking, money market funds, and highly liquid instruments with original maturities of three months or less. These accounts, from time to time, may exceed federally insured limits. At December 31, 2022 and 2021, the Church's cash balances exceeded federally insured limits by approximately \$350,000 and \$1,485,000, respectively.

Amounts included in restricted cash on the statements of financial position represent amounts designated by the board for various purposes as well as amounts set aside for capital improvements. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	December 31,	
	2022	2021
Cash and cash equivalents	\$ 980,509	\$ 730,939
Restricted cash	1,601,918	1,600,367
	<u>\$ 2,582,427</u>	<u>\$ 2,331,306</u>

NEW LIFE FELLOWSHIP CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments, which the Church holds from time to time, typically consist of mutual funds and corporate stocks and are stated at fair value. Realized and unrealized gains and losses are included as revenue without donor restrictions in the statements of activities. Donated securities are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions. Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of the Church's investments could fluctuate materially.

FAIR VALUE MEASUREMENTS

The Church follows the provisions of the *Investments* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The fair value hierarchy consists of three broad levels. Level 1 consists of quoted prices in active markets for identical assets. Level 2 consists of observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in active markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets. Level 3 consists of unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. The Church had no Level 2 or Level 3 assets as of December 31, 2022 and 2021. The mutual funds and corporate stocks held at December 31, 2021, are classified as Level 1 in the fair value hierarchy. The Church had no assets held at fair value at December 31, 2022.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment in excess of \$1,000 are capitalized at cost or, if donated, recorded at fair value on the date of the donation. Contributions that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Estimated useful lives are:

Buildings	40 years
Building improvements	10 years
Furniture, fixtures and equipment	5 years

The Church reviews its investment in property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property and equipment to the future net undiscounted cash flows expected to be generated by the assets and any estimated proceeds from the eventual disposition of the assets. If the property and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property and equipment exceeds the fair value of such property and equipment. There were no impairment losses recognized in the years ended December 31, 2022 and 2021.

NEW LIFE FELLOWSHIP CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are those which include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the Church to utilize funds in furtherance of its mission and resources invested in property and equipment, less related depreciation and debt. Net assets without donor restrictions also include those net assets designated by the board for particular purposes.

Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met either by actions of the Church and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as releases for satisfaction of purpose restrictions.

SUPPORT, REVENUE AND RELEASES

Tithes, offerings and contributions are reported when made, which may be when cash gifts are received, unconditional promises are made or ownership of donated assets is transferred to the Church. Contributed investments and noncash items are reported at fair value on the date of the gift. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a 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 statements of activities as net assets released from restrictions. Investment and other revenues are recognized in the period earned.

Members of the board of elders, officers and members of their immediate families contributed approximately \$96,000 and \$94,000 to the Church during the years ended December 31, 2022 and 2021, respectively.

CONTRIBUTED SERVICES

The Church's ministry could not be fully achieved without the dedicated efforts of many volunteers. These contributed services are not reported as they do not meet the requirements for recognition under current accounting standards.

NEW LIFE FELLOWSHIP CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

EXPENSES

Expenses are recognized when incurred. The costs of providing the program services and management and general activities have been summarized on a functional basis in the statements of activities. Certain costs not directly attributable to specific program services or management and general have been allocated to program services and management and general. Management allocates costs based on the related allocation of staff time attributed to the function. Management considers its method of allocation to be equitable. The categories of expenses that are allocated include salaries, benefits and payroll taxes, consulting and professional fees, occupancy costs, equipment, maintenance and repairs, insurance, interest, depreciation, supplies and office expenses, conferences and events and other expenses. The Church incurred no fund-raising costs; therefore, no joint costs were incurred for the years ended December 31, 2022 and 2021. Advertising costs are expensed as incurred and totaled \$1,208 and \$7,122 for the years ended December 31, 2022 and 2021, respectively.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects the Church's financial assets, reduced by amounts not available for general use because of contractual, donor-imposed restrictions or board designations within one year of the statements of financial position date. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	December 31,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 980,509	\$ 730,939
Investments	-	251,901
Restricted cash	1,601,918	1,600,367
Financial assets, at year end	<u>2,582,427</u>	<u>2,583,207</u>
Less those not available for general expenditure within one year:		
Subject to satisfaction of donor restrictions	(36,216)	(4,497)
Designated by the board	(1,570,198)	(1,600,367)
	<u>(1,606,414)</u>	<u>(1,604,864)</u>
Financial assets available for general expenditures within one year	<u>\$ 976,013</u>	<u>\$ 978,343</u>

NEW LIFE FELLOWSHIP CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

3. LIQUIDITY AND AVAILABILITY OF RESOURCES, continued:

The Church is substantially supported by contributions, which at times are received with donor restrictions. Those contributions with donor restrictions require resources to be used in a particular manner or in a future period. The Church must maintain sufficient resources to meet those responsibilities to its donors. Thus, at times financial assets may not be available for general expenditure within one year. As part of the Church's liquidity management, the Church has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Church's governing board has designated certain net assets without donor restrictions for mortgage and real estate, capital improvements, and campus expansion (see Note 6). Those amounts are identified as "designated by the board" in the table above. The board designated these funds and they can be used/spent for the designated purpose(s), however they can also be reverted back to operations with board approval should the need arise.

4. PROPERTY AND EQUIPMENT-NET:

Property and equipment-net consists of the following:

	December 31,	
	2022	2021
Land	\$ 250,000	\$ 250,000
Building	6,250,000	6,250,000
Building improvements	4,252,765	4,186,809
Furniture, fixtures and equipment	189,108	349,412
	10,941,873	11,036,221
Accumulated depreciation	(6,461,451)	(6,200,958)
	\$ 4,480,422	4,835,263

Net investment in property and equipment consists of the following:

	December 31,	
	2022	2021
Property and equipment-net	\$ 4,480,422	\$ 4,835,263
Less related debt	(1,603,530)	(1,707,784)
	\$ 2,876,892	\$ 3,127,479

NEW LIFE FELLOWSHIP CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

5. LOAN PAYABLE:

Loan payable consists of the following:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Mortgage loan payable to a bank, last modified in 2014, secured by the Church building in Elmhurst, New York, with interest at a fixed rate of 5.375%. Payments of principal and interest of \$13,245 are due monthly over 10 years based on a 25 year amortization schedule, with a balloon payment due at the end of the loan term. The loan matures in September 2024.	<u>\$ 1,603,530</u>	<u>\$ 1,707,784</u>

Future minimum principal payments are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 84,771
2024	<u>1,518,759</u>
	<u>\$ 1,603,530</u>

The Church is currently in compliance with or had obtained waivers for all debt covenant requirements as of December 31, 2022 and 2021.

NEW LIFE FELLOWSHIP CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

6. NET ASSETS:

Net assets consist of the following:

	December 31,	
	2022	2021
Net assets without donor restrictions:		
Undesignated	\$ 3,620,008	\$ 3,894,599
Board-designated for the following purposes:		
Mortgage and real estate	906,882	771,166
Capital improvements	663,316	620,090
Campus expansion	-	209,111
	<u>1,570,198</u>	<u>1,600,367</u>
Total net assets without donor restrictions	<u>5,190,206</u>	<u>5,494,966</u>
Net assets with donor restrictions:		
Youth ministry - space renovation	31,719	-
Other restricted purposes	4,497	4,497
	<u>36,216</u>	<u>4,497</u>
Total net assets with donor restrictions	<u>36,216</u>	<u>4,497</u>
Total net assets	<u>\$ 5,226,422</u>	<u>\$ 5,499,463</u>

7. RETIREMENT PLAN:

The Church has established a 403(b) defined contribution retirement plan covering all full-time employees, subject to certain exceptions described in the Summary Plan Document. The Church matches employee contributions to the plan up to a maximum of 4%. The Church's contributions were approximately \$20,000 and \$18,000 for the years ended December 31, 2022 and 2021, respectively.

NEW LIFE FELLOWSHIP CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

8. RELATED PARTY TRANSACTIONS:

The Church is related to two sister entities, New Life Community Development Corporation (NLCDC) and Emotionally Healthy Spirituality, Inc. (EHS). The nature of the Church's relationship with these entities is such that the elements that would permit consolidation under generally accepted accounting principles in to the Church's financial statements do not exist. As such, these entities are not included in these financial statements of the Church. However, the Church shares certain administrative costs with these entities and also makes contributions to each.

During the years ended December 31, 2022 and 2021, the Church incurred shared administrative and personnel costs with NLCDC totaling approximately \$29,000 and \$28,000, respectively, for which NLCDC reimbursed the Church. During the years ended December 31, 2022 and 2021, the Church received contributions on behalf of NLCDC totaling approximately \$11,000 in both years, which the Church passed along to NLCDC. During the years ended December 31, 2022 and 2021, the Church made grants and missions contributions to NLCDC totaling approximately \$95,000 and \$135,000, respectively. In addition, during the years ended December 31, 2022 and 2021, the Church donated space to NLCDC for the health center valued at approximately \$12,000 in both years. As of December 31, 2022 and 2021, the Church had a payable to NLCDC totaling approximately \$52,000 and \$51,000, respectively.

During the years ended December 31, 2022 and 2021, the Church incurred shared administrative and personnel costs with EHS totaling approximately \$67,000 and \$136,000, respectively, for which EHS reimbursed the Church. During the years ended December 31, 2022 and 2021, the Church made grants and missions contributions to EHS totaling approximately \$141,000 and \$201,000, respectively. As of December 31, 2022 and 2021, the Church had a payable to EHS totaling approximately \$50,000 and \$54,000, respectively.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 27, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.