

EVERY GENERATION MINISTRIES AND AFFILIATE

COMBINED AUDITED FINANCIAL STATEMENTS

JUNE 30, 2023

(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Every Generation Ministries and Affiliate
Temecula, California

Opinion

We have audited the accompanying combined financial statements of Every Generation Ministries and Affiliate, which comprise the statement of financial position as of June 30, 2023, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of Every Generation Ministries and Affiliate as of June 30, 2023, and the changes in their net assets and their 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 States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Every Generation Ministries and Affiliate 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 combined 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Every Generation Ministries and Affiliate's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 GAAS 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 combined financial statements.

In performing an audit in accordance with GAAS, 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 Every Generation Ministries and Affiliate'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Every Generation Ministries and Affiliate'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.

Report on Summarized Comparative Information

We have previously audited Every Generation Ministries and Affiliate's June 30, 2022 combined financial statements, and we expressed an unmodified audit opinion on those combined audited financial statements in our report dated October 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the combined audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary combining information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Ozurovich & Associates

Rancho Santa Margarita, California
October 21, 2023

**EVERY GENERATION MINISTRIES AND AFFILIATE
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)**

	2023			2022
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 331,714	\$ 326,264	\$ 657,978	\$ 800,468
Other receivables	42	0	42	116
Prepaid expenses	38,917	0	38,917	28,681
Total current assets	370,673	326,264	696,937	829,265
Property and equipment - net (Note 3)	756	0	756	1,840
Operating lease right of use assets (Note 6)	207,085	0	207,085	0
Deposits	6,548	0	6,548	6,754
TOTAL ASSETS	\$ 585,062	\$ 326,264	\$ 911,326	\$ 837,859
LIABILITIES				
<i>Current liabilities</i>				
Accounts payable	\$ 20,968	\$0	\$ 20,968	\$ 8,271
Accrued expenses (Note 4)	12,516	0	12,516	18,960
Operating lease obligations - current (Note 6)	41,926	0	41,926	0
Total current liabilities	75,410	0	75,410	27,231
<i>Long-Term liabilities</i>				
Operating lease obligations (Note 6)	140,001	0	140,001	0
TOTAL LIABILITIES	215,411	0	215,411	27,231
NET ASSETS				
Net assets without donor restrictions	369,651	0	369,651	456,806
Net assets with donor restrictions (Note 8)	0	326,264	326,264	353,822
TOTAL NET ASSETS	369,651	326,264	695,915	810,628
TOTAL LIABILITIES AND NET ASSETS	\$ 585,062	\$ 326,264	\$ 911,326	\$ 837,859

See independent auditor's report and accompanying notes.

**EVERY GENERATION MINISTRIES AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)**

	2023			2022
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
REVENUE AND SUPPORT				
Contributions	\$ 440,923	\$ 700,541	\$ 1,141,464	\$ 1,342,063
Fundraising events (Note 7)	265,497	0	265,497	221,917
Investment return	2,534	0	2,534	209
Private grants	205,000	0	205,000	130,000
Employer retention credit grant	0	0	0	187,675
Debt forgiveness (Note 12)	0	0	0	176,022
Other	584	0	584	2,391
<i>Total Revenue and Support</i>	<u>914,538</u>	<u>700,541</u>	<u>1,615,079</u>	<u>2,060,277</u>
NET ASSETS RELEASED FROM RESTRICTIONS (NOTE 9)				
Satisfaction of program restrictions	728,099	(728,099)	0	0
<i>Total Revenue, Support, and Reclassifications</i>	<u>1,642,637</u>	<u>(27,558)</u>	<u>1,615,079</u>	<u>2,060,277</u>
EXPENSES				
Program services - Ministry	1,301,983	0	1,301,983	1,272,478
Management and general	167,265	0	167,265	165,615
Fundraising	260,544	0	260,544	216,935
<i>Total Expenses</i>	<u>1,729,792</u>	<u>0</u>	<u>1,729,792</u>	<u>1,655,028</u>
CHANGE IN NET ASSETS	(87,155)	(27,558)	(114,713)	405,249
NET ASSETS, Beginning of year	<u>456,806</u>	<u>353,822</u>	<u>810,628</u>	<u>405,379</u>
NET ASSETS, End of year	<u>\$ 369,651</u>	<u>\$ 326,264</u>	<u>\$ 695,915</u>	<u>\$ 810,628</u>

See independent auditor's report and accompanying notes.

**EVERY GENERATION MINISTRIES AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)**

	2023				2022
	Program Services	Supporting Services			TOTAL
	MINISTRY	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	TOTAL
Salaries	\$ 336,425	\$ 73,048	\$ 73,049	\$ 482,522	\$ 487,170
Payroll taxes	12,152	1,905	3,514	17,571	33,272
Employee benefits	216,323	60,841	60,841	338,005	331,002
<i>Total salaries, payroll taxes, and employee benefits</i>	564,900	135,794	137,404	838,098	851,444
Advertising and promotion	8,915	4,114	4,801	17,830	7,808
Bank fees	15,491	5,163	0	20,654	21,573
Conferences, conventions and meetings	10,069	959	959	11,987	18,949
Depreciation	759	108	217	1,084	4,424
Dues and subscriptions	0	757	504	1,261	1,279
Event expenses	0	0	79,756	79,756	31,994
Grants to organizations, individuals	576,271	0	0	576,271	544,246
Insurance	7,020	1,003	2,006	10,029	12,552
Licenses and permits	503	1,252	168	1,923	1,285
Miscellaneous	(163)	(23)	(47)	(233)	(1,193)
Occupancy	28,364	4,052	8,104	40,520	66,032
Office expenses	5,368	1,067	1,609	8,044	5,234
Printing	3,936	562	1,125	5,623	6,560
Postage & delivery	801	267	267	1,335	1,365
Professional fees	6,386	11,576	17,171	35,133	36,620
Telephone	2,228	318	637	3,183	2,876
Travel	69,065	0	5,272	74,337	39,130
Utilities	2,070	296	591	2,957	2,850
TOTAL EXPENSES	\$ 1,301,983	\$ 167,265	\$ 260,544	\$ 1,729,792	\$ 1,655,028

See independent auditor's report and accompanying notes.

**EVERY GENERATION MINISTRIES AND AFFILIATE
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (114,713)	\$ 405,249
Adjustments to reconcile change in net assets to net cash (used)/provided by operating activities		
Donated stock	0	(3,051)
Realized (gain) on sale of donated stock	0	(46)
Depreciation and amortization	1,084	4,424
PPP loan forgiveness	0	(176,022)
(Increase) decrease in assets		
Grants receivable	0	36,959
Other receivables	74	150
Prepaid expenses	(10,236)	(18,970)
Deposits	206	3,688
Increase (decrease) in liabilities		
Accounts payable	12,697	52
Accrued expenses	(31,602)	(42,125)
Net cash (used)/provided by operating activities	(142,490)	210,308
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of donated stock	0	3,097
Net cash provided by investing activities	0	3,097
NET (DECREASE)/INCREASE IN CASH	(142,490)	213,405
CASH AND CASH EQUIVALENTS, beginning of year	800,468	587,063
CASH AND CASH EQUIVALENTS, end of year	\$ 657,978	\$ 800,468

See independent auditor's report and accompanying notes.

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 1 – ORGANIZATION

Every Generation Ministries and Affiliate (the “Organization”) is a Colorado nonprofit organization, established on October 6, 1993, in order to assist churches in Europe, Latin America, Africa, and the Middle East in developing effective ministries for children, youth and their families. The Organization seeks to establish ministry centers in metropolitan areas to provide innovative leadership development and quality ministry resources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization’s combined financial statements. The combined financial statements and notes are representations of the management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the combined financial statements.

Basis of Accounting

The combined financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Combination

FASB ASC 810-10-50 requires that a company that holds variable interests in an entity combine the entity if the company’s interest in the variable interest entity (VIE) is such that the company will absorb a majority of the VIE’s expected losses and/or receive a majority of the VIE’s expected residual returns if they occur. In such cases, the company is the *primary beneficiary* of the VIE. FASB ASC 810-10-50 also requires additional disclosures by primary beneficiary and other significant variable interest holders.

Effective October 1, 2020, the combined financial statements include the financial statements of Every Generation Ministries and a VIE, Gospel Literature International, of which Every Generation Ministries is the primary beneficiary. All transactions and balances between Every Generation Ministries and Gospel Literature International since October 1, 2020, have been eliminated upon combination.

(Note 2 continued on the following page)

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Include contributions, fundraising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fundraising efforts of the Organization.

Net Assets With Donor Restrictions – Include gifts and grants received that are restricted with respect to time or use by the donor or grantor. When the restrictions expire, the net assets of this fund are reclassified to net assets without donor restrictions. Restricted gifts and grants received are reported as unrestricted revenue if the restriction is met in the same reporting period.

Comparative Financial Information

The combined financial statements include certain prior-year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's combined financial statement for the year ended June 30, 2022, from which the summarized information was derived.

Risks and Uncertainties

Overall economic conditions such as high rates of inflation could contribute to potential reductions in private donations as the disposable incomes of potential donors are affected by these economic factors. The Organization's Board of Directors has discussed these risks and uncertainties and has formulated alternative strategic plans to mitigate the effects of these concerns.

Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(Note 2 continued on the following page)

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status

The Organization is a nonprofit benefit organization organized under the laws of California and, as such, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and corresponding state provisions. However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption.

The Organization's federal income tax and informational returns for tax years ending June 30, 2020 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California, the Organization's most significant jurisdiction, remain subject to examination by the California Franchise Tax Board for tax years ending June 30, 2019 and subsequent.

The Organization has adopted the provisions of Accounting Standards Codification ("ASC") 740-10-05 relating to accounting and reporting for uncertainty in income taxes. For the Organization, these provisions could be applicable to the incurrence of any unrelated business income attributable to the Organization. Because of the Organization's general tax-exempt status, the provisions of ASC 740-10-05 are not anticipated to have a material impact on the Organization's combined financial statements.

Restricted and Unrestricted Revenue and Support

Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions even if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reported period in which the revenue is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

Contributed Services and Gifts In-Kind

Contributed services are recognized if the services (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. Only those amounts that meet the criteria above are recorded in the accompanying combined financial statements. The Organization recognized no in-kind donations as income during the years ended June 30, 2023 and 2022, respectively.

(Note 2 continued on the following page)

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the combined financial statements, the Organization considers all investments purchased with a maturity date of three months or less to be cash equivalents. Commercial banks have FDIC coverage up to \$250,000 per depositor per bank. At June 30, 2023 and 2022 the uninsured amounts were none and \$227,754, respectively.

Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Based on management's assessment of the past and current relationships with donors, it has concluded that losses on balances outstanding at year-end will be immaterial. Therefore, the allowance for doubtful accounts at June 30, 2023 and 2022 was none.

Property and Equipment

Property and equipment are recorded at cost if purchased and at fair value at the date of donation if donated. Repairs and maintenance are expensed as incurred and improvements of property and equipment items in excess of \$2,000 are capitalized. Depreciation and amortization are provided by use of the straight-line method over the estimated useful lives of the assets.

Grant Revenue

The Organization receives funding through public and private grants. Grant revenue includes conditional contributions under which revenue is recognized when earned and expenses are recognized when incurred. Grant receipts from conditional contributions not earned are reported as deferred income, if any.

Vacation and Sick Leave Benefits

Employees are credited during the current year for future vacation benefits. The expense and corresponding liability are accrued when vacations are earned rather than when vacations are paid.

Advertising

The Organization uses advertising to promote its programs among the communities it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2023 and 2022, advertising costs totaled \$17,830 and \$7,808, respectively.

(Note 2 continued on the following page)

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The combined financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and employee benefits which are allocated on the basis of estimates of time and effort for the Organization's personnel. The following expenses are allocated using the same percentages as the personnel costs described above because they are incurred in support of the day-to-day job functions of the Organization's employees: depreciation, miscellaneous, occupancy, office expenses, printing, telephone, and utilities.

New Accounting Pronouncements

Leases – In February 2016, the FASB established Topic 842, Leases, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; and ASU No. 2018-11, Targeted Improvements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The new standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization adopted the new standard on January 1, 2022. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard for the comparative periods. The Organization adopted the new standard on January 1, 2022, and will use that date as the date of initial application. Consequently, financial information will not be updated, and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2022.

(Note 2 continued on the following page)

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

The new standard provides a number of optional practical expedients in transition. The Organization elected the ‘package of practical expedients’, which permits the Organization not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The Organization does not expect to elect the use-of hindsight or the practical expedient pertaining to land easements; the latter not being applicable to the Organization.

On adoption, the Organization recognized additional operating liabilities of \$241,376, with corresponding right-of-use assets of the same amount based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	Method	Estimated Useful Lives (Years)	2023	2022
Furniture and fixtures	Straight-line	7	\$ 43,247	\$ 43,247
Computers & software	Straight-line	5	27,393	27,393
Vehicles	Straight-line	5	25,989	25,989
			<u>96,629</u>	<u>96,629</u>
Less: accumulated depreciation			<u>(95,873)</u>	<u>(94,789)</u>
			<u>\$ 756</u>	<u>\$ 1,840</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$1,084 and \$4,424, respectively.

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 4 – ACCRUED EXPENSES

The Organization’s accrued expense balance consists of the following categories at June 30:

	<u>2023</u>	<u>2022</u>
Payroll	\$ 5,006	\$ 4,962
Vacation	4,067	3,612
Deferred rent	-	7,441
Other	3,443	2,945
	<u>\$ 12,516</u>	<u>\$ 18,960</u>

NOTE 5 – RETIREMENT PLAN

The Organization has established a SIMPLE IRA retirement plan (“the Plan”), whereby all eligible employees may contribute to a SIMPLE IRA plan of their choice under a salary reduction agreement. The Organization has provided for matching contributions up to 3% of gross compensation of participating employees. Retirement plan expense for the years ended June 30, 2023 and 2022 were \$14,426 and \$15,039, respectively.

NOTE 6 – OPERATING LEASES

The Organization is committed under noncancelable operating leases for facilities used in day-to-day operations. The current lease is currently scheduled to expire on August 2028. The monthly lease payments range from \$2,888 to \$5,860.

Supplemental cash flow information for the year ended June 30, 2023 was as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ <u>69,643</u>
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	\$ <u>241,376</u>
	<u>June 30, 2023</u>
Weighted Average Remaining Lease Term	
Operating leases	5.2 years
Weighted Average Discount Rate	
Operating leases	4.75%

(Note 6 continued on the following page)

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 6 – OPERATING LEASES (continued)

The discount rate for calculating operating leases was the US Prime Rate upon the execution of the lease or the adoption of ASC 842 on July 1, 2022, if the lease was executed before July 1, 2022, and still had more than one year left in the agreement from that date.

Future minimum lease payments under noncancelable operating leases as of June 30, 2023 are as follows:

Years ending June 30:		
2024	\$	49,434
2025		32,803
2026		37,196
2027		38,578
2028		39,968
Thereafter		6,700
	\$	<u>204,679</u>

Rent expense for the years ended June 30, 2023 and 2022 was \$40,520 and \$66,032, respectively.

NOTE 7 – FUNDRAISING EVENTS

The fundraising events activity consisted of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Revenues		
Cash	\$ 235,429	\$ 221,917
Donated gifts	<u>30,068</u>	<u>0</u>
	265,497	221,917
Expenses		
Cash	(49,688)	(31,994)
Donated gifts	<u>(30,068)</u>	<u>0</u>
	(79,756)	(31,994)
Net	<u>\$ 185,741</u>	<u>\$ 189,923</u>

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2023</u>	<u>2022</u>
<i>Subject to expenditure for a specified purpose:</i>		
Missionaries	\$ 27,636	\$ 44,793
Africa		
Region	0	100
Congo	297	323
Uganda	0	1,266
Kenya	(2,982)	15,049
Asia		
India	41,058	67,813
Europe		
Belarus	102	208
Ukraine	10,304	29,856
East Europe	0	77,806
Latin America		
Peru	95	1,000
US Hispanic	16,575	13,855
Middle East		
Region	87,019	19,500
Projects		
Trauma	23,262	18,855
Website Buildout	17,195	0
EGM Institute	64,468	29,552
Special Needs	15,518	20,231

(Note 8 continued on the following page)

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

	<u>2023</u>	<u>2022</u>
<i>Subject to expenditure for a specified purpose (continued):</i>		
Short Term Ministry		
Staff Development	15,000	0
Egypt 2023	10,502	0
Uganda 2023	215	0
Romania	0	2,828
Ukraine	0	10,787
	<u>\$ 326,264</u>	<u>\$ 353,822</u>

NOTE 9 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions during the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<i>Expenditure for a specified purpose:</i>		
Missionaries	\$ 204,044	\$ 252,871
Africa		
Region	300	0
Congo	2,126	2,048
Uganda	5,879	4,173
Kenya	48,189	68,835
Asia		
India	61,291	86,330
Europe		
Region	0	22,282
Romania	0	500
Poland	1,000	0
Ukraine	26,942	14,135
Belarus	826	609
Eastern Europe	80,056	55,798

(Note 9 continued on the following page)

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 9 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS (Continued)

	2023	2022
<i>Expenditure for a specified purpose (continued):</i>		
Latin America		
Chile Publication	0	1,158
Region	5,774	0
Peru	4,304	5,418
US Hispanic	480	945
Middle East		
Egypt	0	15,750
Region	47,481	48,097
Expansion	0	11,678
Projects		
Logos Project	0	5,135
Trauma	15,593	3,327
In-Country Match	0	2,863
Website Buildout	47,805	0
EGM Institute	121,934	145,340
Special Needs	13,258	(12,875)
Short Term Ministry		
Egypt 2023	19,078	0
India 2023	3,065	0
Uganda 2023	7,333	0
Romania	2,828	0
Ukraine	8,513	0
	<u>728,099</u>	<u>734,417</u>
	<u>\$ 728,099</u>	<u>\$ 734,417</u>

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
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NOTE 10 – AVAILABILITY OF FINANCIAL ASSETS

The following reflects The Organization’s financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in board designated funds that could be drawn upon if the governing board approves that action. However, amounts already appropriated from a board designated fund for general expenditure within one year of June 30, 2023 have not been subtracted as unavailable. There were no such board designated funds as of June 30, 2023 and 2022.

The Organization’s financial assets available within one year of June 30, 2023 and 2022 for general expenditure are as follows:

<i>Financial assets, at year end</i>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 657,978	\$ 800,468
Other receivables	42	116
<i>Less those unavailable for general expenditures within one year due to:</i>		
<i>Contractual or donor-imposed restrictions:</i>		
Restricted by donor with purpose restrictions	<u>(326,264)</u>	<u>(353,822)</u>
Total	<u>\$ 331,756</u>	<u>\$ 446,762</u>

As part of The Organization’s liquidity management practices, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 11 – RELATED PARTY TRANSACTIONS

The Organization is affiliated with organizations in other countries to provide ministry services. In addition to the support provided to the preceding affiliated organizations, an employee of the Organization is a member of the board of directors of each affiliated organization. The Organization made donations to each of the organizations listed below during the years ended June 30:

Country/ Region	Affiliate Name	2023	2022
	Ministerio Para Cada Generacion –		
Argentina	Argentina	\$ 17,035	\$ 18,887
DR Congo	Vizazi Congo	35,214	28,222
Uganda	Vizazi Uganda	28,054	20,439
Egypt	Voice of Generations	59,500	43,230
Jordan	Generation for Christ	16,729	16,739
Lebanon	Generation to Generation Ministry	29,108	25,712
	Ministerio Para Cada Generacion –		
Mexico	Mexico	14,360	14,238
Romania	Echipare Pentru Generatia	12,500	16,810
Ukraine	Sluzhenie Pokolenijam Ukraine	34,346	29,500
	Ministerio Para Cada Generacion –		
Peru	Peru	20,300	12,552
Poland	Misja Pokolen	25,000	13,000
Hungary	Rema Alapitvany	11,200	7,437
Belarus	Sluzhenie Pokolenijam Belarus	18,368	26,746
India	Jeevan Disha	30,701	35,885
Kenya	EGM Kenya	24,000	16,831
Africa	Regional	22,700	35,340
Asia	Regional	20,772	21,758
Europe	Regional	45,341	43,737
Latin America	Regional	45,318	70,064
Middle East	Regional	34,492	39,622
Builders	Builders	0	11,752
		<u>\$ 545,038</u>	<u>\$ 548,501</u>

**EVERY GENERATION MINISTRIES AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

NOTE 12 – PPP LOAN PAYABLE

On March 23, 2021, the Organization received loan proceeds in the amount of \$176,022 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loans is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. The Organization’s PPP loan was forgiven on January 26, 2022, and related debt forgiveness revenue as stipulated under ASC 470 was recorded in the amount of \$176,022 on that date.

NOTE 13 – LITIGATION

The Organization may be subject to certain outside claims and litigation arising in the ordinary course of business. In the opinion of the Organization’s management and its counsel, there are no matters which could have a material effect on the accompanying financial statements.

NOTE 14 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2023 have been evaluated through October 21, 2023, the date at which the Organization's audited financial statements were available to be issued. Except as described below, no events requiring disclosures have occurred through this date.

On September 1, 2023 the Organization entered into a new corporate office lease to replace the one that was set to expire in October 2023. This new lease is included in the combined financial statements as described in Note 6 above.

**EVERY GENERATION MINISTRIES AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

	<u>EGM</u>	<u>GLINT</u>	<u>Precombined Total</u>	<u>Eliminations</u>	<u>Combined Total</u>
ASSETS					
<i>Current assets</i>					
Cash and cash equivalents	\$ 627,411	\$ 30,567	\$ 657,978	\$ 0	\$ 657,978
Other receivables	42	0	42	0	42
Prepaid expenses	38,917	0	38,917	0	38,917
Total current assets	<u>666,370</u>	<u>30,567</u>	<u>696,937</u>	<u>0</u>	<u>696,937</u>
Property and equipment - net (Note 3)	756	0	756	0	756
Operating lease right of use assets (Note 6)	207,085	0	207,085	0	207,085
Deposits	6,548	0	6,548	0	6,548
TOTAL ASSETS	<u>\$ 880,759</u>	<u>\$ 30,567</u>	<u>\$ 911,326</u>	<u>\$ 0</u>	<u>\$ 911,326</u>
LIABILITIES					
<i>Current liabilities</i>					
Accounts payable	\$ 20,899	\$ 69	\$ 20,968	\$ 0	\$ 20,968
Accrued expenses (Note 4)	12,149	367	12,516	0	12,516
Operating lease obligations - current (Note 6)	41,926	0	41,926	0	41,926
Total current liabilities	<u>74,974</u>	<u>436</u>	<u>75,410</u>	<u>0</u>	<u>75,410</u>
<i>Long-term liabilities</i>					
Operating lease obligations (Note 6)	140,001	0	140,001	0	140,001
TOTAL LIABILITIES	<u>214,975</u>	<u>436</u>	<u>215,411</u>	<u>0</u>	<u>215,411</u>
NET ASSETS					
Net assets without donor restrictions	339,520	30,131	369,651	0	369,651
Net assets with donor restrictions (Note 8)	326,264	0	326,264	0	326,264
TOTAL NET ASSETS	<u>665,784</u>	<u>30,131</u>	<u>695,915</u>	<u>0</u>	<u>695,915</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 880,759</u>	<u>\$ 30,567</u>	<u>\$ 911,326</u>	<u>\$ 0</u>	<u>\$ 911,326</u>

**EVERY GENERATION MINISTRIES AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>EGM</u>	<u>GLINT</u>	<u>Precombined Total</u>	<u>Eliminations</u>	<u>Combined Total</u>
REVENUE AND SUPPORT					
Contributions	\$ 1,128,556	\$ 62,908	\$ 1,191,464	\$ 50,000	\$ 1,141,464
Fundraising events (Note 7)	265,497	0	265,497	0	265,497
Investment return	2,534	0	2,534	0	2,534
Private grants	205,000	0	205,000	0	205,000
Other	584	0	584	0	584
Total Revenue and Support	<u>1,602,171</u>	<u>62,908</u>	<u>1,665,079</u>	<u>50,000</u>	<u>1,615,079</u>
EXPENSES					
Program services - Ministry	1,289,248	62,735	1,351,983	50,000	1,301,983
Management and general	163,031	4,234	167,265	0	167,265
Fundraising	256,603	3,941	260,544	0	260,544
Total Expenses	<u>1,708,882</u>	<u>70,910</u>	<u>1,779,792</u>	<u>50,000</u>	<u>1,729,792</u>
CHANGE IN NET ASSETS	(106,711)	(8,002)	(114,713)	0	(114,713)
NET ASSETS, Beginning of year	<u>772,495</u>	<u>38,133</u>	<u>810,628</u>	<u>0</u>	<u>810,628</u>
NET ASSETS, End of year	<u>\$ 665,784</u>	<u>\$ 30,131</u>	<u>\$ 695,915</u>	<u>\$ 0</u>	<u>\$ 695,915</u>