

LEADING THE WAY WITH  
DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 and 2020  
AND  
INDEPENDENT AUDITORS' REPORT

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
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JUNE 30, 2021 and 2020

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Leading The Way with Dr. Michael Youssef and Affiliate  
Atlanta, Georgia

We have audited the accompanying consolidated financial statements of *Leading The Way with Dr. Michael Youssef, Inc., and Affiliate*, ("LTW") which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows 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 audit. We conducted our audit 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 of 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 risk 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 *Leading The Way with Dr. Michael Youssef, Inc. and Affiliate* as of June 30, 2021 and 2020, 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.

Lawrenceville, Georgia  
February 9, 2022

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,913,616	\$ 18,532,370
Accounts receivable	129,082	89,643
Prepaid expenses	1,140,464	701,830
Investments	3,853,576	4,861,373
Property, plant and equipment, net of accumulated depreciation	9,140,898	9,444,766
Projects in progress	14,086	-
Investment - long term	3,548,911	1,001,792
Other assets	76,986	51,986
Total assets	<u>\$ 38,817,619</u>	<u>\$ 34,683,760</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 399,467	\$ 570,748
Accrued expenses	678,692	713,062
Deferred revenues	-	19,991
Total liabilities	<u>1,078,159</u>	<u>1,303,801</u>
 <b>Net Assets</b>		
Without restrictions	37,261,204	33,216,540
With restrictions	478,256	163,419
Total net assets	<u>37,739,460</u>	<u>33,379,959</u>
Total liabilities and net assets	<u>\$ 38,817,619</u>	<u>\$ 34,683,760</u>

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

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

	2021			2020		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
REVENUES, GAINS AND SUPPORT						
Contributions	\$ 24,080,308	\$ 3,386,404	\$ 27,466,712	\$ 20,644,340	\$ 1,034,003	\$ 21,678,343
Product sales	181,399	-	181,399	102,685	-	102,685
Satellite partners	476,091	-	476,091	581,324	-	581,324
Investment income	125,847	-	125,847	207,507	-	207,507
Rental revenues	274,784	-	274,784	269,069	-	269,069
Miscellaneous	105,739	-	105,739	32,605	-	32,605
Total revenues and support	25,244,168	3,386,404	28,630,572	21,837,530	1,034,003	22,871,533
Net assets released from restrictions	3,071,567	(3,071,567)	-	908,425	(908,425)	-
Total revenues, gains and support	28,315,735	314,837	28,630,572	22,745,955	125,578	22,871,533
EXPENSES AND LOSSES						
Program services						
Domestic	16,979,326	-	16,979,326	12,247,091	-	12,247,091
International	5,052,234	-	5,052,234	4,775,933	-	4,775,933
Total program services	22,031,560	-	22,031,560	17,023,024	-	17,023,024
Management and general	714,576	-	714,576	896,297	-	896,297
Fundraising	1,524,935	-	1,524,935	1,892,570	-	1,892,570
Total expenses and losses	24,271,071	-	24,271,071	19,811,891	-	19,811,891
INCREASE (DECREASE) IN NET ASSETS	4,044,664	314,837	4,359,501	2,934,064	125,578	3,059,642
NET ASSETS - BEGINNING OF YEAR	33,216,540	163,419	33,379,959	30,282,476	37,841	30,320,317
NET ASSETS - END OF YEAR	\$ 37,261,204	\$ 478,256	\$ 37,739,460	\$ 33,216,540	\$ 163,419	\$ 33,379,959

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

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Management and General	Fundraising	Total
	Domestic Program	International Program	Total Program			
Salaries and benefits	\$ 1,808,330	1,063,130	\$ 2,871,460	\$ 310,184	\$ 879,421	\$ 4,061,065
Benevolence and grants	-	30,738	30,738	-	-	30,738
Building expenses	147,999	33,636	181,635	26,909	15,697	224,241
Communications and outreach	1,102,907	279,823	1,382,730	-	152,637	1,535,367
Contracted services	572,926	486,695	1,059,621	63,730	86,244	1,209,595
Depreciation	755,210	171,639	926,849	137,311	80,098	1,144,258
Events	-	4,953	4,953	-	36,926	41,879
Miscellaneous	91,643	28,944	120,587	15,239	8,822	144,648
Office expense	284,736	38,875	323,611	78,676	16,183	418,470
Postage and shipping	157,823	4,072	161,895	1,041	25,071	188,007
Production	960,098	1,033,521	1,993,619	34	50	1,993,703
Professional services	17,213	529	17,742	24,866	86,470	129,078
Program airtime	10,101,908	1,247,574	11,349,482	-	-	11,349,482
Technology and website	792,034	323,187	1,115,221	27,617	56,497	1,199,335
Travel	124,719	290,877	415,596	17,736	74,267	507,599
Utilities	61,780	14,041	75,821	11,233	6,552	93,606
Total expenses	<u>\$ 16,979,326</u>	<u>\$ 5,052,234</u>	<u>\$ 22,031,560</u>	<u>\$ 714,576</u>	<u>\$ 1,524,935</u>	<u>\$ 24,271,071</u>

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

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Management and General	Fundraising	Total
	Domestic Program	International Program	Total Program			
Salaries and benefits	\$ 1,913,389	\$ 1,061,855	\$ 2,975,244	\$ 466,178	\$ 967,659	\$ 4,409,081
Benevolence and grants		21,896	21,896	-	-	21,896
Building expenses	167,083	37,973	205,056	30,379	17,721	253,156
Communications and outreach	864,353	154,450	1,018,803	-	149,039	1,167,842
Contracted services	385,912	386,160	772,072	92,954	28,417	893,443
Depreciation	689,112	156,616	845,728	125,293	73,088	1,044,109
Events	6,766	19,982	26,748	-	370,305	397,053
Miscellaneous	61,508	26,625	88,133	15,092	14,690	117,915
Office expense	236,373	28,117	264,490	70,319	14,790	349,599
Postage and shipping	166,526	8,871	175,397	919	13,386	189,702
Production	410,417	1,013,857	1,424,274	29	41	1,424,344
Professional services	16,195	12,218	28,413	33,090	113,916	175,419
Program airtime	6,355,043	1,321,849	7,676,892	-	-	7,676,892
Technology and website	794,821	369,805	1,164,626	31,249	63,088	1,258,963
Travel	108,742	139,557	248,299	17,912	58,916	325,127
Utilities	70,851	16,102	86,953	12,883	7,514	107,350
Total expenses	<u>\$ 12,247,091</u>	<u>\$ 4,775,933</u>	<u>\$ 17,023,024</u>	<u>\$ 896,297</u>	<u>\$ 1,892,570</u>	<u>\$ 19,811,891</u>

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

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 and 2020  
Increase (Decrease) in Cash

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 4,359,501	\$ 3,059,642
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	1,144,258	1,044,109
(Gain) loss on investments	(15,271)	-
Accounts receivable	(39,439)	2,937
Prepaid expenses	(438,634)	(169,561)
Other assets	(39,086)	550
Accounts payable	(171,281)	38,619
Accrued expenses	(34,370)	253,527
Deferred rent	(19,991)	(15,054)
Net cash provided (used) by operating activities	<u>4,745,687</u>	<u>4,214,769</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(840,390)	(686,628)
Purchase of investments	(6,740,412)	(5,194,391)
Proceeds from maturity of investments	5,216,361	4,667,714
Net cash provided (used) by investing activities	<u>(2,364,441)</u>	<u>(1,213,305)</u>
<b>INCREASE (DECREASE) IN CASH</b>	2,381,246	3,001,464
Cash - beginning of the year	<u>18,532,370</u>	<u>15,530,906</u>
Cash - end of year	<u>\$ 20,913,616</u>	<u>\$ 18,532,370</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Non-cash activities:		
Fair value of non-cash contributions	\$ 1,202,640	\$ 1,745,217

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



LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements include the accounts of *Leading The Way with Dr. Michael Youssef, Inc.* ("LTW"), and *McMichael Communications Group, Inc.* ("MCG"). All material inter-organization transactions have been eliminated.

*Leading The Way with Dr. Michael Youssef, Inc.* is a global ministry committed to sharing the Gospel with the lost and equipping believers to grow into a deeper walk with Christ. LTW's television and radio programs are broadcast in 26 languages, reaching six continents. LTW also produces DVDs, CDs, books, a monthly devotional magazine, solar-powered *Navigator* devices, and daily e-devotionals to spread the light of Christ. Since 2009, THE KINGDOM SAT satellite television channel has broadcasted Biblical Truth in the Muslim World in English, Arabic, and French and has responded to and discipled viewers through on-the-ground field teams.

*McMichael Communications Group, Inc.* is a non-profit organization, which was established to serve as a supporting organization to LTW. MCG purchases airtime on radio and television stations throughout the world on behalf of LTW. LTW pays MCG for the cost of the airtime and provides MCG with office space and administrative services at no charge.

LTW is funded primarily through contributions from the general public, The Church of The Apostles of Atlanta, satellite partners, and rental revenues.

*Financial Statement Presentation*

LTW is required to report information regarding its financial position and activities according to two classes of net assets: net asset without restrictions and net assets with restrictions. In addition, LTW is required to present a statement of cash flows. Assets on the statement of financial position are listed in order of decreasing liquidity. Liabilities are listed according to nearness of maturity.

*Fair Value of Financial Instruments*

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels used to measure fair value are as follows:

- Level 1 Quoted prices in an active market for identical assets or liabilities.
- Level 2 Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; this includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Fair Value of Financial Instruments - continued*

Cash and cash equivalents and accounts payable are stated at cost, which approximates fair value due to their short-term maturity. Collections of art donated to the organization are valued at Level 3 fair values.

*Contributions*

All contributions and unconditional promises to give are recorded as without restrictions or with restrictions depending on the existence and/or nature of any donor restrictions. Net assets with restrictions are reclassified to net assets without restrictions upon satisfaction of the time or purpose restriction and reported on the statement of activities as net assets released from restrictions. When the donor restrictions are satisfied within the same reporting period as the restricted contribution is made, the restricted contribution is reported as restricted and as released from restriction.

*Donated Services and Non-Monetary Assets*

Contributions of nonmonetary assets are recorded at fair value at the date of receipt, contributions of services that can be a) measured by the creation or enhancement of a nonfinancial asset or b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not contributed. No amounts have been reflected in the financial statements for contributed services.

*Revenues from Lease agreements*

Lease revenues are recognized over the term of the lease on a straight-line basis. Amounts recognized in excess of amounts received are included on the statement of financial position in accounts receivable. See Note 9 for further details.

*Functional allocation of expenses*

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting function of LTW. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, occupancy costs, the President's office, and information technology department. Depreciation and occupancy costs are allocated based on square footage, the President's office is allocated based on estimates of time and effort, and the information technology department is allocated based on headcount.

*Income Taxes*

LTW and MCG are qualified as tax-exempt organizations under Internal Revenue Code Section 501(c)(3). The IRS has determined that neither organization is a private foundation. Accordingly, no provision for income taxes is necessary.

*Cash and Cash Equivalents*

For purposes of reporting on the statement of cash flows, cash and cash equivalents include cash, certificates of deposit, and investments with an initial maturity of three months or less.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2021 and 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Investments*

Investments are reported at fair value. Unrealized gains and losses arising from changes in the fair value of the investments are reported in the statements of activities as increases or decreases in net assets as appropriate. Investment fees are reported as a reduction of investment income.

*Property and Equipment*

Property and equipment are recorded at cost, if purchased, or fair market value at date of donation. Repairs and maintenance are expensed as incurred, and any betterments that extend the useful life of an asset are capitalized. Depreciation is computed using the straight-line method over the estimated useful life of the asset as follows:

<i>Asset Category</i>	<i>Useful Life</i>
Building	39 years
Building improvements	15 years
Equipment	3 - 5 years
Furniture and fixtures	7 years
Intangibles	3 - 5 years

*Estimates*

Financial statements prepared in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

*Subsequent Events*

In preparing these financial statements, LTW has evaluated events and transactions for potential recognition or disclosure through February 9, 2022 the date the financial statements were available to be issued.

**2. CONCENTRATIONS**

*Credit risk*

LTW maintains its cash balances in high credit quality institutions. These balances are insured by the FDIC up to \$250,000 for interest-bearing accounts, per financial institution. On June 30, 2021 and 2020, LTW had balances in excess of the FDIC insured limits of approximately \$20,968,428 and \$17,055,708, respectively.

LTW maintains investments in a brokerage account that is a member of the Securities Investor Protection Corporation (SIPC) which protects against the loss of cash and securities in the event of insolvency and liquidation. SIPC coverage is limited to \$500,000 per customer, including up to \$250,000 for cash. In addition, there is insurance coverage which becomes available if the SIPC limit is exhausted and provides additional protection up to \$1 billion, including \$1.9 million for cash per customer. SIPC does not insure the quality of investments or protect against market losses.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2021 and 2020

**3. INVESTMENTS**

The three levels used to measure fair value are as follows:

- Level 1 Quoted prices in an active market for identical assets or liabilities.
- Level 2 Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; this includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Investments consist of the following on June 30:

<u>2021</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income funds	\$ 3,128,519	\$ -	\$ 3,128,519	\$ -
Fixed indexed annuity	3,548,911	-	-	3,548,911
Money market funds	673,491	673,491	-	-
Mutual funds	51,566	51,566	-	-
	<u>\$ 7,402,487</u>	<u>\$ 725,057</u>	<u>\$ 3,128,519</u>	<u>\$ 3,548,911</u>

  

<u>2020</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	\$ 1,044,762	\$ 1,044,762	\$ -	\$ -
Fixed income funds	3,103,883	-	3,103,883	-
Fixed indexed annuity	1,001,792	-	-	1,001,792
Limited partnership	4,544	-	-	4,544
Money market funds	673,020	673,020	-	-
Mutual funds	35,164	35,164	-	-
	<u>\$ 5,863,165</u>	<u>\$ 1,752,946</u>	<u>\$ 3,103,883</u>	<u>\$ 1,006,336</u>

Investments using Level 2 inputs consist of U.S. treasury bills. The fixed income securities are priced using the outside pricing vendor. In determining the fair value of these investments, the pricing vendors use a market approach and pricing spreads based on the credit risk of the issuer, maturity, current yield, and other terms and conditions of each security.

Investments using Level 3 inputs consist of a fixed income annuity instrument. The earnings are bench-marked to the S&P 500 index value rather than the interest rate. On June 30, 2021 and 2020, the performance rate was 3.5 and 3.25, respectively.

Also included in Level 3 inputs is a limited partnership. The fair value is equal to LTW's capital account balances reported on the investees' financial statements. For the year ended June 30, 2020 investees have adjusted the capital accounts on their financial statements to reflect the fair market value of the underlying investment. For the year ended June 30, 2021 the limited partnership was liquidated.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2021 and 2020

**3. INVESTMENTS – Continued**

The following is a reconciliation of the beginning and ending balances for Level 2 and Level 3 investments measured at fair value on a recurring basis for the year ended June 30,

<u>2021</u>	<u>Level 2</u>	<u>Level 3</u>
Beginning balances	\$ 3,103,883	\$ 1,006,336
Purchases	4,182,728	2,500,000
Sales/redemption	(4,164,000)	(11,883)
Earnings	5,908	54,458
Ending balance	<u>\$ 3,128,519</u>	<u>\$ 3,548,911</u>

  

<u>2020</u>	<u>Level 2</u>	<u>Level 3</u>
Beginning balances	\$ 4,076,488	\$ 560,258
Purchases	3,080,552	1,000,000
Sales/redemption	(4,112,000)	(547,956)
Earnings	58,843	(5,966)
Ending balance	<u>\$ 3,103,883</u>	<u>\$ 1,006,336</u>

Investment income consists of the following on June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 103,237	\$ 212,940
Realized gains (losses)	7,339	-
Unrealized gains/(losses)	15,271	(5,433)
Total investment income (loss)	<u>\$ 125,847</u>	<u>\$ 207,507</u>

**4. PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 10,577,629	\$ 10,561,144
Equipment	5,335,626	4,545,535
Furniture and fixtures	593,216	581,485
Artwork	346,550	346,550
Intangibles	1,240,045	1,217,961
Total	18,093,066	17,252,675
Less: Accumulated depreciation	<u>(8,952,168)</u>	<u>(7,807,909)</u>
	<u>\$ 9,140,898</u>	<u>\$ 9,444,766</u>

  

Depreciation expense	<u>\$ 1,144,258</u>	<u>\$ 1,044,109</u>
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LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2021 and 2020

**5. QUASI ENDOWMENT FUND**

The Board of Directors has established an endowment fund for payment of administrative costs of LTW. Net assets allocated to the endowment fund consist solely of amounts designated by the Board. There are no donor restrictions on the use of these funds. Subsequent Boards may use these assets for any purpose they deem appropriate.

**6. RELATED PARTY TRANSACTIONS**

Certain individuals serve on the boards of Leading The Way with Dr. Michael Youssef, Inc., the Foundation of the Holy Apostles, and the Vestry of the Church of The Apostles of Atlanta, Inc. The Church contributed approximately \$1,749,762 and \$1,617,280, to LTW for the years ended June 30, 2021 and 2020, respectively.

**7. NET ASSETS WITH RESTRICTIONS**

On June 30, 2021 and 2020 net assets with restrictions were available as follows:

	2021	2020
Navigators	\$ 381,766	\$ 110,519
Benevolence	1,658	9,244
Jamaica	82,235	43,656
Exposing Islam loving Muslims	12,596	-
	<u>\$ 478,255</u>	<u>\$ 163,419</u>

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by the occurrence of other events specified by donors as follows:

	2021	2020
Benevolence	33,170	10,276
Domestic Evangelism and Outreach	164,115	64,328
Events	15,561	14,081
Exposing Islam Loving Muslims	41,593	2,560
Finding True Peace	2,132,735	-
Help the Persecuted	-	11,562
International Evangelism and Outreach	72,839	61,909
Muslim World Outreach	456,459	730,249
Navigators	59,674	892
Other Contributions with Restrictions	86,421	11,593
Targeting a new Generaation	1,500	975
US Media	7,500	-
	<u>\$ 3,071,567</u>	<u>\$ 908,425</u>

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
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**8. RETIREMENT PLAN**

LTW maintains a defined contribution retirement plan for its employees. It makes discretionary contributions to all eligible employees. Employees are fully vested in employer discretionary contributions after 5 years of service. Employees may also make elective salary deferrals to the plan. LTW contributed \$252,516 and \$199,869, to the plan during the years ended June 30, 2021 and 2020, respectively.

**9. RENT INCOME**

LTW rents office space to unrelated parties. These leases have annual increases, and one lease has rent abatement provisions. Lease revenue is recognized on a straight-line basis over the term of the lease.

Amounts recognized as rental income for all leases for the years ending June 30, 2021 and June 30, 2020, were \$274,784 and \$269,069, respectively. On June 30, 2021 and 2020, the difference in the amount received and the amount recognized is included in accounts receivable for \$34,748 and \$8,578, respectively.

Future amounts to be received on the multi-year lease agreements are:

<u>YEAR</u>	<u>AMOUNT</u>
2022	\$ 236,570
2023	242,552
2024	237,713
2025	123,493
2026	94,010
	<u>\$ 934,338</u>

**10. LIQUIDITY AND AVAILABILITY OF RESOURCES**

LTW has \$21,026,931 and \$18,481,088 at June 30, 2021 and 2020 respectively stated in financial assets available within one year to meet cash needs for general expenditures. Financial assets at June 30, 2021 include cash and cash equivalents of \$20,913,616, accounts receivable of \$129,082, investments of \$7,402,488 less a quasi-endowment of \$6,940,000 and donor imposed restricted funds of \$478,255.

Financial assets at June 30, 2020 include cash and cash equivalents of \$18,532,370, accounts receivable of \$89,643, short-term investments of \$5,863,165 less donor imposed restrictions of \$122,354 and a quasi-endowment fund of \$5,881,736.

Although LTW does not intend to spend from its quasi-endowment of \$6,940,000, described in note 5, other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary. LTW structures its financial assets to be available as its general expenditures, liabilities and other obligation come due. In addition, as part of its liquidity management, LTW invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasurer notes.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
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**11. RECLASSIFICATION**

Certain items presented on the previously issued 2020 financial statements have been reclassified for comparison purposes on these financial statements. Also, the net assets released from restrictions and the beginning of the year net assets were adjusted to properly reflect the balance in net assets without restrictions and with restrictions. These reclassifications did not change the previously reported total net assets or changes in net assets for 2020.