

LEADING THE WAY WITH
DR. MICHAEL YOUSSEF, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021
AND
INDEPENDENT AUDITORS' REPORT

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 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 *Leading The Way with Dr. Michael Youssef, Inc., and Affiliate* as of June 30, 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 audit in accordance with the 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 LTW 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 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 LTW's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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 LTW'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 the Society'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.

Reed, Quinn and McClure

Lawrenceville, Georgia
February 17, 2023

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 24,507,527	\$ 20,913,616
Accounts receivable	172,228	129,082
Prepaid expenses	1,312,959	1,140,464
Investments	4,904,872	3,853,576
Property, plant and equipment, net of accumulated depreciation	8,236,965	9,140,898
Projects in progress	218,925	14,086
Investment - long term	3,652,035	3,548,911
Other assets	151,413	76,986
Total assets	<u>\$ 43,156,924</u>	<u>\$ 38,817,619</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 399,455	\$ 399,467
Accrued expenses	<u>500,071</u>	<u>678,692</u>
Total liabilities	<u>899,526</u>	<u>1,078,159</u>
 Net Assets		
Without restrictions	41,317,969	37,261,204
With restrictions	<u>939,429</u>	<u>478,256</u>
Total net assets	<u>42,257,398</u>	<u>37,739,460</u>
Total liabilities and net assets	<u>\$ 43,156,924</u>	<u>\$ 38,817,619</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, 2022 and 2021

	2022			2021		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
REVENUES, GAINS AND SUPPORT						
Contributions	\$ 26,324,318	\$ 3,698,250	\$ 30,022,568	\$ 24,080,308	\$ 3,386,404	\$ 27,466,712
In-kind contributions	79,427	-	79,427	-	-	-
Product sales	148,442	-	148,442	181,399	-	181,399
Satellite partners	447,100	-	447,100	476,091	-	476,091
Investment income	112,065	-	112,065	125,847	-	125,847
Rental revenues	288,242	-	288,242	274,784	-	274,784
Miscellaneous	57,371	-	57,371	105,739	-	105,739
Total revenues and support	27,456,965	3,698,250	31,155,215	25,244,168	3,386,404	28,630,572
Net assets released from restrictions	3,237,077	(3,237,077)	-	3,071,567	(3,071,567)	-
Total revenues, gains and support	30,694,042	461,173	31,155,215	28,315,735	314,837	28,630,572
EXPENSES AND LOSSES						
Program services						
Domestic	18,641,923	-	18,641,923	16,979,326	-	16,979,326
International	5,408,372	-	5,408,372	5,052,234	-	5,052,234
Total program services	24,050,295	-	24,050,295	22,031,560	-	22,031,560
Management and general	928,453	-	928,453	714,576	-	714,576
Fundraising	1,658,529	-	1,658,529	1,524,935	-	1,524,935
Total expenses and losses	26,637,277	-	26,637,277	24,271,071	-	24,271,071
INCREASE (DECREASE) IN NET ASSETS	4,056,765	461,173	4,517,938	4,044,664	314,837	4,359,501
NET ASSETS - BEGINNING OF YEAR	37,261,204	478,256	37,739,460	33,216,540	163,419	33,379,959
NET ASSETS - END OF YEAR	\$ 41,317,969	\$ 939,429	\$ 42,257,398	\$ 37,261,204	\$ 478,256	\$ 37,739,460

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, 2022

	Program Services			Management and General	Fundraising	Total
	Domestic Program	International Program	Total Program			
Salaries and benefits	\$ 1,932,861	1,257,231	\$ 3,190,092	\$ 347,389	\$ 873,992	\$ 4,411,473
Benevolence and grants	-	32,361	32,361	-	-	32,361
Building expenses	219,043	49,782	268,825	39,826	23,232	331,883
Communications and outreach	1,147,857	388,974	1,536,831	-	207,205	1,744,036
Contracted services	662,017	447,070	1,109,087	66,624	104,307	1,280,018
Depreciation	795,661	180,832	976,493	144,666	84,388	1,205,547
Events	7,891	3,690	11,581	-	115,839	127,420
Miscellaneous	147,358	32,697	180,055	117,360	10,491	307,906
Office expense	291,533	43,081	334,614	62,633	15,097	412,344
Postage and shipping	147,558	5,706	153,264	2,241	25,992	181,497
Production	1,207,342	1,090,902	2,298,244	105	153	2,298,502
Professional services	8,298	13,329	21,627	83,549	60,317	165,493
Program airtime	10,879,791	1,302,197	12,181,988			12,181,988
Technology and website	898,757	371,859	1,270,616	34,594	67,575	1,372,785
Travel	209,805	169,081	378,886	13,802	60,804	453,492
Utilities	86,151	19,580	105,731	15,664	9,137	130,532
Total expenses	<u>\$ 18,641,923</u>	<u>\$ 5,408,372</u>	<u>\$ 24,050,295</u>	<u>\$ 928,453</u>	<u>\$ 1,658,529</u>	<u>\$ 26,637,277</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, 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 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 and 2021
Increase (Decrease) in Cash

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 4,517,938	\$ 4,359,501
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	1,205,547	1,144,258
In-kind contributions	(79,427)	-
(Gain) loss on investments	(54,357)	(15,271)
Accounts receivable	(43,146)	(39,439)
Prepaid expenses	(172,495)	(438,634)
Other assets	5,000	(39,086)
Accounts payable	(12)	(171,281)
Accrued expenses	(178,621)	(34,370)
Deferred rent	-	(19,991)
Net cash provided (used) by operating activities	<u>5,200,427</u>	<u>4,745,687</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(506,454)	(840,390)
Purchase and reinvestment of investment earnings	(9,443,062)	(6,740,412)
Proceeds from maturity of investments	8,343,000	5,216,361
Net cash provided (used) by investing activities	<u>(1,606,516)</u>	<u>(2,364,441)</u>
INCREASE (DECREASE) IN CASH	3,593,911	2,381,246
Cash - beginning of the year	<u>20,913,616</u>	<u>18,532,370</u>
Cash - end of year	<u>\$ 24,507,527</u>	<u>\$ 20,913,616</u>
SUPPLEMENTAL DISCLOSURES		
Non-cash activities:		
Fair value of In-kind contributions	\$ <u>79,427</u>	\$ <u>-</u>
Fair value of non-cash contributions	\$ <u>394,637</u>	\$ <u>1,202,640</u>

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, 2022 and 2021

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 28 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 disciplined 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, 2022 and 2021

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 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, 2022 and 2021

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:

<u>Asset Category</u>	<u>Useful Life</u>
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 17, 2023 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, 2022 and 2021, LTW had balances in excess of the FDIC insured limits of approximately \$23,904,700 and \$20,968,428, 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, 2022 and 2021

3. INVESTMENTS

Investments consist of the following on June 30:

<u>2022</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income funds	\$ 4,192,018	\$	\$ 4,192,018	\$
Fixed indexed annuity	3,652,035			3,652,035
Money market funds	673,828	673,828		
Mutual funds	39,026	39,026		
	<u>\$ 8,556,907</u>	<u>\$ 712,854</u>	<u>\$ 4,192,018</u>	<u>\$ 3,652,035</u>
<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	673,828		
Mutual funds	51,566	39,026		
	<u>\$ 7,402,487</u>	<u>\$ 712,854</u>	<u>\$ 3,128,519</u>	<u>\$ 3,548,911</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 fixed income annuity instruments. The earnings are benchmarked to the S&P 500 index value rather than the interest rate.

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>2022</u>	<u>Level 2</u>	<u>Level 3</u>
Beginning balances	\$ 3,128,519	\$ 3,548,911
Purchases	9,398,141	-
Sales/redemption	(8,343,000)	-
Earnings	8,358	103,124
Ending balance	<u>\$ 4,192,018</u>	<u>\$ 3,652,035</u>
<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>

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022 and 2021

3. INVESTMENTS – Continued

Investment income consists of the following on June 30:

	2022	2021
Interest and dividends	\$ 57,708	\$ 103,237
Realized gains (losses)	-	7,339
Unrealized gains/(losses)	54,357	15,271
Total investment income (loss)	<u>\$ 112,065</u>	<u>\$ 125,847</u>

4. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following:

	2022	2021
Building and improvements	\$ 10,614,586	\$ 10,577,629
Equipment	5,445,394	5,335,626
Furniture and fixtures	600,063	593,216
Artwork	346,550	346,550
Intangibles	1,248,130	1,240,045
Total	18,254,723	18,093,066
Less: Accumulated depreciation	<u>(10,017,758)</u>	<u>(8,952,168)</u>
	<u>\$ 8,236,965</u>	<u>\$ 9,140,898</u>
 Depreciation expense	 <u>\$ 1,205,547</u>	 <u>\$ 1,144,258</u>

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 \$2,141,503 and \$1,749,762, to LTW for the years ended June 30, 2022 and 2021, respectively. Leading the Way paid production expenses to the Church of approximately \$240,000 for each year ended June 30, 2022 and 2021.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022 and 2021

7. NET ASSETS WITH RESTRICTIONS

On June 30 net assets with restrictions were available as follows:

	<u>2022</u>	<u>2021</u>
Navigators	\$ 635,414	\$ 381,766
Benevolence	3,832	1,658
Jamaica	104,947	82,235
Exposing Islam Loving Muslims	-	12,596
Evangelistic Campaigns	192,946	-
MENA	<u>2,290</u>	<u>-</u>
	<u>\$ 939,429</u>	<u>\$ 478,255</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:

	<u>2022</u>	<u>2021</u>
Benevolence	\$ 29,361	\$ 33,170
Domestic Evangelism and Outreach	694,854	164,115
Evangelistic Campaigns	420,676	15,561
Exposing Islam Loving Muslims	80,124	41,593
Finding True Peace	12,300	2,132,735
Help for this Present Crisis	1,000,000	-
International Evangelism and Outreach	222,190	72,839
Jamaica	27,288	-
Muslim World Outreach	552,352	456,459
Navigators	140,442	59,674
Other Contributions with Restrictions	50,390	86,421
Targeting a New Generation	7,100	1,500
US Media	<u>-</u>	<u>7,500</u>
	<u>\$ 3,237,077</u>	<u>\$ 3,071,567</u>

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 \$258,372 and \$252,516, to the plan during the years ended June 30, 2022 and 2021, respectively.

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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, 2022 and 2021, were \$233,406 and \$234,950, respectively. On June 30, 2022 and 2021, the difference in the amount received and the amount recognized is included in accounts receivable for \$61,117 and \$34,748, respectively.

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

<u>YEAR</u>	<u>AMOUNT</u>
2023	\$ 232,708
2024	248,634
2025	264,716
2026	258,897
2027	<u>127,478</u>
	<u>\$ 1,132,433</u>

10. LIQUIDITY AND AVAILABILITY OF RESOURCES

LTW had \$25,177,233 and \$21,026,930 at June 30, 2022 and 2021, respectively, 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 \$24,507,527, accounts receivable of \$172,228, investments of \$8,556,907 less a quasi-endowment of \$7,120,000 and donor imposed restricted funds of \$939,429.

Financial assets at June 30, 2021 include cash and cash equivalents of \$20,913,616, accounts receivable of \$129,082, investments of \$7,402,487 less donor imposed restrictions of \$478,255 and a quasi-endowment fund of \$6,940,000.

Although LTW does not intend to spend from its quasi-endowment of \$7,120,000, 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 obligations 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.