

LEADING THE WAY WITH  
DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2020 and 2019  
AND  
INDEPENDENT AUDITORS' REPORT

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
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JUNE 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.

*Reed, Quinn & McClure, LLC*

Lawrenceville, Georgia  
March 1, 2021

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 18,532,370	\$ 15,530,906
Accounts receivable	89,643	92,580
Prepaid expenses	701,830	532,269
Investments	5,863,165	5,336,488
Property, plant and equipment, net of accumulated depreciation	9,444,766	9,800,847
Projects in progress	-	1,400
Other assets	51,986	52,536
Total assets	<u>\$ 34,683,760</u>	<u>\$ 31,347,026</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 570,748	\$ 532,129
Accrued expenses	713,062	459,535
Deferred revenues	19,991	35,045
Total liabilities	<u>1,303,801</u>	<u>1,026,709</u>
 <b>Net Assets</b>		
Without restrictions	33,257,605	30,317,725
With restrictions	122,354	2,592
Total net assets	<u>33,379,959</u>	<u>30,320,317</u>
Total liabilities and net assets	<u>\$ 34,683,760</u>	<u>\$ 31,347,026</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, 2020 and 2019

	2020			2019		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
<b>REVENUES, GAINS AND SUPPORT</b>						
Contributions	\$ 20,644,340	\$ 1,034,003	\$ 21,678,343	\$ 17,599,002	\$ 945,128	\$ 18,544,130
Product sales	102,685	-	102,685	118,138	-	118,138
Satellite partners	581,324	-	581,324	609,503	-	609,503
Investment income	207,507	-	207,507	193,610	-	193,610
Rental revenues	269,069	-	269,069	269,025	-	269,025
Miscellaneous	32,605	-	32,605	47,002	-	47,002
Loss on disposal of assets			-	(18,500)		(18,500)
Total revenues and support	21,837,530	1,034,003	22,871,533	18,817,780	945,128	19,762,908
Net assets released from restrictions	914,241	(914,241)	-	942,536	(942,536)	-
Total revenues, gains and support	<u>22,751,771</u>	<u>119,762</u>	<u>22,871,533</u>	<u>19,760,316</u>	<u>2,592</u>	<u>19,762,908</u>
<b>EXPENSES AND LOSSES</b>						
Program services						
Domestic	12,247,091	-	12,247,091	11,476,355	-	11,476,355
International	4,775,933	-	4,775,933	4,752,645	-	4,752,645
Total program services	17,023,024	-	17,023,024	16,229,000		16,229,000
Management and general	896,297	-	896,297	775,992	-	775,992
Fundraising	1,892,570	-	1,892,570	1,961,826	-	1,961,826
Total expenses and losses	<u>19,811,891</u>	<u>-</u>	<u>19,811,891</u>	<u>18,966,818</u>	<u>-</u>	<u>18,966,818</u>
INCREASE (DECREASE) IN NET ASSETS	2,939,880	119,762	3,059,642	793,498	2,592	796,090
NET ASSETS - BEGINNING OF YEAR	<u>30,317,725</u>	<u>2,592</u>	<u>30,320,317</u>	<u>29,524,227</u>	<u>-</u>	<u>29,524,227</u>
NET ASSETS - END OF YEAR	<u>\$ 33,257,605</u>	<u>\$ 122,354</u>	<u>\$ 33,379,959</u>	<u>\$ 30,317,725</u>	<u>\$ 2,592</u>	<u>\$ 30,320,317</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
Written material estate plan			-			-
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 STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			Management and General	Fundraising	Total
	Domestic Program	International Program	Total Program			
Salaries and benefits	\$ 1,801,915	765,420	\$ 2,567,335	\$ 410,812	\$ 792,345	\$ 3,770,492
Benevolence and grants	-	255,561	255,561	-	-	255,561
Building expenses	85,867	19,515	105,382	15,613	9,107	130,102
Communications and outreach	1,018,365	193,630	1,211,995	-	145,074	1,357,069
Contracted services	345,289	447,410	792,699	78,294	27,996	898,989
Depreciation	669,786	152,224	822,010	121,779	71,038	1,014,827
Events	-	632	632	-	584,443	585,075
Miscellaneous	46,446	23,061	69,507	13,574	11,332	94,413
Office expense	224,389	21,040	245,429	32,212	10,554	288,195
Postage and shipping	147,149	5,923	153,072	1,613	5,301	159,986
Production	127,871	944,287	1,072,158	29	42	1,072,229
Professional services	31,705	9,103	40,808	50,760	166,820	258,388
Program airtime	6,111,051	1,394,204	7,505,255	-	-	7,505,255
Technology and website	628,040	285,696	913,736	24,065	51,580	989,381
Travel	166,045	218,476	384,521	14,071	78,511	477,103
Utilities	72,437	16,463	88,900	13,170	7,683	109,753
Total expenses	<u>\$ 11,476,355</u>	<u>\$ 4,752,645</u>	<u>\$ 16,229,000</u>	<u>\$ 775,992</u>	<u>\$ 1,961,826</u>	<u>\$ 18,966,818</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, 2020 and 2019  
Increase (Decrease) in Cash

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 3,059,642	\$ 796,090
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Loss on disposal of assets	-	18,500
Depreciation	1,044,109	1,014,827
(Gain) loss on investments	-	(16,693)
Loss on disposal of property and equipment	-	1,011
Accounts receivable	2,937	(33,324)
Prepaid expenses	(169,561)	392,541
Other assets	550	1,000
Accounts payable	38,619	36,970
Accrued expenses	253,527	242,013
Deferred rent	(15,054)	7,842
Net cash provided (used) by operating activities	4,214,769	2,460,777
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(686,628)	(637,516)
Purchase of investments	(5,194,391)	(1,826,219)
Proceeds from maturity of investments	4,667,714	2,158,857
Net cash provided (used) by investing activities	(1,213,305)	(304,878)
<b>INCREASE (DECREASE) IN CASH</b>	3,001,464	2,155,899
Cash - beginning of the year	15,530,906	13,375,007
Cash - end of year	\$ 18,532,370	\$ 15,530,906
<b>SUPPLEMENTAL DISCLOSURES</b>		
Non-cash activities:		
Fair value of non-cash contributions	\$ 1,745,217	\$ 495,324

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, 2020 and 2019

**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 three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. 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, 2020 and 2019

**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, 2020 and 2019

**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 March 1, 2021, 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, 2020 and 2019, LTW had balances in excess of the FDIC insured limits of approximately \$17,055,708 and \$14,600,557, 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, 2020 and 2019

**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>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>
<u>2019</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income funds	\$ 4,076,488	\$ -	\$ 4,076,488	\$ -
Fixed indexed annuity	547,956	-	-	547,956
Limited partnership	12,302	-	-	12,302
Money market funds	672,311	672,311	-	-
Mutual funds	27,431	27,431	-	-
	<u>\$ 5,336,488</u>	<u>\$ 699,742</u>	<u>\$ 4,076,488</u>	<u>\$ 560,258</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, 2020 and 2019, the performance rate was 3.25 and 3.1, 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. The investees have adjusted the capital accounts on their financial statements to reflect the fair market value of the underlying investment.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2020 and 2019

**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>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>
<u>2019</u>	<u>Level 2</u>	<u>Level 3</u>
Beginning balances	\$ 2,252,656	\$ 1,697,467
Purchases	6,051,950	-
Sales/redemption	(4,313,100)	(1,192,276)
Earnings	84,982	55,067
Ending balance	<u>\$ 4,076,488</u>	<u>\$ 560,258</u>

Investment income consists of the following on June 30:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 192,972	\$ 193,305
Realized gains (losses)	(7,758)	-
Unrealized gains/(losses)	6,777	305
Total investment income (loss)	<u>\$ 191,991</u>	<u>\$ 193,610</u>

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

Property, plant, and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 10,561,144	\$ 10,556,644
Equipment	4,545,535	3,988,688
Furniture and fixtures	581,485	577,803
Artwork	346,550	346,550
Intangibles	1,217,961	1,097,867
Total	17,252,675	16,567,552
Less: Accumulated depreciation	(7,807,909)	(6,766,705)
	<u>\$ 9,444,766</u>	<u>\$ 9,800,847</u>
Depreciation expense	<u>\$ 1,044,109</u>	<u>\$ 1,014,827</u>

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2020 and 2019

**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 \$1,617,280 and \$1,654,171, to LTW for the years ended June 30, 2020 and 2019, respectively.

During the year ended June 2018, Help The Persecuted was established as a separate entity to continue a program Leading The Way had established. Leading The Way contributed \$11,620 and \$255,561 in cash and benefits for the years ended June 30, 2020 and 2019, respectively.

**7. NET ASSETS WITH RESTRICTIONS**

On June 30, 2020 and 2019 net assets with restrictions were available for events in the amount of \$122,354 and \$2,592, respectively.

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:

	2020	2019
Benevolence	10,276	-
Domestic Evangelism and Outreach	64,328	44,216
Events	11,490	-
Exposing Islam Loving Muslims	2,560	1,000
Help the Persecuted	11,562	126,300
International Evangelism and Outreach	81,909	133,927
Muslim World Outreach	730,249	609,481
Navigators	892	27,612
Targeting a new Generation	975	-
	\$ 914,241	\$ 942,536

**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 \$199,869 and \$235,336, to the plan during the years ended June 30, 2020 and 2019, respectively.

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

LTW rents office space to unrelated parties. During the year ended June 30, 2020 both leases were renewed for multi-years. Each have annual increases and 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, 2020 and June 30, 2019, were \$269,069 and \$269,025, respectively. On June 30, 2020 and 2019, the difference in the amount received and the amount recognized is included in accounts receivable for \$8,578 and \$17,065, respectively.

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

2021	\$	106,280
2022		234,283
2023		240,215
2024		235,359
2025		121,072
Thereafter		<u>217,503</u>
	\$	<u><u>1,154,712</u></u>

**10. LIQUIDITY AND AVAILABILITY OF RESOURCES**

LTW has \$18,481,088 and \$15,075,646 at June 30, 2020 and 2019, respectively stated in financial assets available within one year to meet cash needs for general expenditures. 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 a quasi-endowment of \$5,881,736 and donor imposed restricted funds of \$122,354.

Financial assets at June 30, 2019 include cash and cash equivalents of \$15,530,906, accounts receivable of \$92,580, short-term investments of \$5,336,488 less donor imposed restrictions of \$2,592 and a quasi-endowment fund of \$5,881,736.

Although LTW does not intend to spend from its quasi-endowment of \$5,881,736, 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.