

**TIME OF GRACE MINISTRY**  
Milwaukee, Wisconsin

**Audited Financial Statements**  
Years Ended December 31, 2020 and 2019

**Table of Contents**

	<b><u>Page(s)</u></b>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 14



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Time of Grace Ministry  
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Time of Grace Ministry (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, cash flows and functional expenses 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 audits. We conducted our audits 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 from 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 risks 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 Time of Grace Ministry as of December 31, 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.

*Reilly, Penner & Benton LLP*

April 20, 2021  
Milwaukee, Wisconsin

**TIME OF GRACE MINISTRY**

Milwaukee, Wisconsin

**Statements of Financial Position**

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and equivalents	\$ 851,611	\$ 202,378
Promises to give	35,000	---
Investments	105,880	58,843
Prepaid expenses	30,887	22,664
<b>Total current assets</b>	<u>1,023,378</u>	<u>283,885</u>
<b>Noncurrent Assets:</b>		
Restricted cash	9,395	8,591
<b>Property and Equipment:</b>		
Furniture & equipment	760,940	716,861
Leasehold improvements	162,845	162,845
Computer software and website	203,951	203,951
Accumulated depreciation and amortization	(962,182)	(888,788)
<b>Net property and equipment</b>	<u>165,554</u>	<u>194,869</u>
<b>Total noncurrent assets</b>	<u>174,949</u>	<u>203,460</u>
<b>Total assets</b>	<u>\$ 1,198,327</u>	<u>\$ 487,345</u>
<b>Liabilities and Net Assets:</b>		
<b>Current Liabilities:</b>		
Accounts payable	136,555	166,918
Accrued expenses	46,948	45,498
Capital lease, current portion	1,544	2,873
<b>Total current liabilities</b>	<u>185,047</u>	<u>215,289</u>
<b>Noncurrent Liabilities:</b>		
Capital lease, net of current portion	---	1,544
<b>Total liabilities</b>	185,047	216,833
<b>Net Assets:</b>		
Without donor restrictions	953,280	269,696
With donor restrictions	60,000	816
<b>Total net assets</b>	<u>1,013,280</u>	<u>270,512</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,198,327</u>	<u>\$ 487,345</u>

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

**TIME OF GRACE MINISTRY**

Milwaukee, Wisconsin

**Statements of Activities**

For the Years Ended December 31, 2020 and 2019

	2020			2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues:</b>						
Contributions	\$ 4,093,427	\$ 60,000	\$ 4,153,427	\$ 3,436,466	\$ ---	\$ 3,436,466
Contributions - payroll protection program	233,618	---	233,618	---	---	---
Other income	9,258	---	9,258	18,448	---	18,448
Interest income - cash	7	---	7	---	---	---
<b>Investment return:</b>						
Realized gain (loss) on investments	(995)	---	(995)	4,274	---	4,274
Unrealized gain (loss) on investments	4,358	---	4,358	2,179	---	2,179
Interest income	2,726	---	2,726	1,136	---	1,136
Investment expense	(529)	---	(529)	(519)	---	(519)
<b>Net investment return</b>	5,560	---	5,560	7,070	---	7,070
Net assets released from restrictions	816	(816)	---	39,184	(39,184)	---
<b>Net revenues</b>	4,342,686	59,184	4,401,870	3,501,168	(39,184)	3,461,984
<b>Expenses:</b>						
Program services	2,937,145	---	2,937,145	2,997,660	---	2,997,660
Administration	312,335	---	312,335	284,479	---	284,479
Fundraising	409,622	---	409,622	375,855	---	375,855
<b>Total expenses</b>	3,659,102	---	3,659,102	3,657,994	---	3,657,994
<b>Change in net assets</b>	683,584	59,184	742,768	(156,826)	(39,184)	(196,010)
Net assets, beginning of the year	269,696	816	270,512	426,522	40,000	466,522
<b>Net assets, end of the year</b>	\$ 953,280	\$ 60,000	\$ 1,013,280	\$ 269,696	\$ 816	\$ 270,512

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

**TIME OF GRACE MINISTRY**  
Milwaukee, Wisconsin

**Statements of Cash Flows**  
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 742,768	\$ (196,010)
<b>Adjustments to Reconcile Change in Net Assets to Net Cash and Equivalents Provided by Operations:</b>		
Depreciation and amortization	73,394	72,339
Realized (gain) loss on investments	995	(4,274)
Unrealized (gain) on investments	(4,358)	(2,179)
<b>Changes in Assets and Liabilities:</b>		
Promises to give	(35,000)	40,000
Prepaid expenses	(8,223)	(5,956)
Accounts payable	(30,363)	104,089
Accrued expenses	1,450	759
Total adjustments	<u>(2,105)</u>	<u>204,778</u>
<b>Net cash and equivalents provided by operating activities</b>	<u>740,663</u>	<u>8,768</u>
 <b>Cash Flows from Investing Activities:</b>		
Purchase of fixed assets	(44,079)	(16,920)
Proceeds from sale of investments	---	20,000
Purchase of investments	(43,674)	(46,618)
<b>Net cash and equivalents used by investing activities</b>	<u>(87,753)</u>	<u>(43,538)</u>
 <b>Cash Flows from Financing Activities:</b>		
Borrowings on line of credit	400,000	280,000
Payments on line of credit	(400,000)	(280,000)
Payments on capital lease	(2,873)	(2,610)
<b>Net cash and equivalents used by financing activities</b>	<u>(2,873)</u>	<u>(2,610)</u>
 <b>Net increase (decrease) in cash and equivalents</b>	<u>650,037</u>	<u>(37,380)</u>
 Cash and equivalents, beginning of year	<u>210,969</u>	<u>248,349</u>
 <b>Cash and equivalents, end of year</b>	<u>\$ 861,006</u>	<u>\$ 210,969</u>
 <b>Supplemental Information:</b>		
Interest paid	<u>\$ 2,524</u>	<u>\$ 4,483</u>
 <b>Cash and equivalents:</b>		
Current	\$ 851,611	\$ 202,378
Restricted	9,395	8,591
<b>Total cash and equivalents</b>	<u>\$ 861,006</u>	<u>\$ 210,969</u>

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

**TIME OF GRACE MINISTRY**

Milwaukee, Wisconsin

**Statement of Functional Expenses**

For the Year Ended December 31, 2020

	<b>Program</b>			<b>2020</b>
	<b><u>Services</u></b>	<b><u>Administration</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Salaries and wages	\$ 594,799	\$ 128,053	\$ 269,874	\$ 992,726
Employee benefits	61,719	54,000	33,907	149,626
Retirement plan contributions	31,387	6,570	8,227	46,184
Payroll taxes	44,285	11,355	20,035	75,675
Media production	294,463	45	---	294,508
National distribution	1,023,425	---	---	1,023,425
Advertising and promotion	104,412	---	535	104,947
Website	88	---	---	88
Accounting and audit fees	---	12,300	---	12,300
Contracted services	165,580	13,641	57,984	237,205
Dues and subscriptions	385	1,358	---	1,743
Rent	17,856	3,744	7,200	28,800
Insurance	13,489	9,351	---	22,840
Office supplies	26,650	13,849	1,462	41,961
Postage and shipping	163,580	689	---	164,269
Printing	218,900	---	---	218,900
Telephone	1,032	11,267	1,398	13,697
Conferences and meetings	1,871	2,771	1,311	5,953
Travel	5,157	1,780	5,746	12,683
Utilities	4,819	1,010	1,943	7,772
Depreciation and amortization	73,394	---	---	73,394
Repairs and maintenance	18	10,102	---	10,120
Donation	87,424	---	---	87,424
Interest	302	2,222	---	2,524
Miscellaneous	2,110	28,228	---	30,338
<b>Totals</b>	<b>\$ 2,937,145</b>	<b>\$ 312,335</b>	<b>\$ 409,622</b>	<b>\$ 3,659,102</b>

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

**TIME OF GRACE MINISTRY**

Milwaukee, Wisconsin

**Statement of Functional Expenses**

For the Year Ended December 31, 2019

	<b>Program</b>			<b>2019</b>
	<b><u>Services</u></b>	<b><u>Administration</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Salaries and wages	\$ 596,282	\$ 125,477	\$ 228,584	\$ 950,343
Employee benefits	64,900	29,362	28,334	122,596
Retirement plan contributions	26,985	5,926	9,073	41,984
Payroll taxes	44,305	9,283	17,050	70,638
Media production	255,333	---	---	255,333
National distribution	1,203,867	---	---	1,203,867
Advertising and promotion	68,006	---	54	68,060
Website	10,597	---	---	10,597
Accounting and audit fees	---	11,950	---	11,950
Contracted services	195,184	15,384	60,344	270,912
Dues and subscriptions	468	1,392	---	1,860
Rent	8,928	1,872	3,600	14,400
Insurance	15,693	9,122	---	24,815
Office supplies	21,672	12,417	2,150	36,239
Postage and shipping	98,970	241	1,019	100,230
Printing	173,295	228	---	173,523
Telephone	1,070	10,398	974	12,442
Conferences and meetings	6,041	2,636	1,258	9,935
Travel	28,675	4,605	17,791	51,071
Utilities	5,409	1,134	2,181	8,724
Depreciation and amortization	72,339	---	---	72,339
Repairs and maintenance	1,375	7,363	---	8,738
Donations	97,455	1,790	3,443	102,688
Interest	565	4,888	---	5,453
Miscellaneous	246	29,011	---	29,257
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Totals</b>	<b>\$ 2,997,660</b>	<b>\$ 284,479</b>	<b>\$ 375,855</b>	<b>\$ 3,657,994</b>
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The accompanying notes to financial statements  
are an integral part of these statements.



## TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

### Notes to the Financial Statements Years Ended December 31, 2020 and 2019

#### 1. Summary of Significant Accounting Policies

##### A. Nature of the Organization

Time of Grace Ministry ("Organization") is a nonprofit corporation and worldwide media ministry. The Organization serves people who want more growth and less struggle in their spiritual walk. They share the truth of God's Word simply and clearly through television, print, and digital media that people view millions of times each month. They connect people to God's grace so they know they are loved and forgiven and can start experiencing a joy-filled life no matter what challenges life brings.

##### B. Basis of Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America ("U.S. GAAP").

##### C. Net Assets

U.S. GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions** - Net assets that are not subject to donor or certain grantor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. The governing board has designated, from net assets without donor restrictions, net assets for use in the Organization's opportunity and outreach areas.

**Net assets with donor restrictions** - Net assets subject to stipulations imposed by donors and grantors. Some donor or grantor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor or grantor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

As of December 31, 2020 and 2019, there are no donor or grantor restrictions that are perpetual in nature.

##### D. Cash and Equivalents

For purposes of the statements of cash flows, cash and equivalents include all cash on hand, checking and savings accounts and highly liquid debt instruments with original maturities of three months or less.

The Organization has restricted cash and equivalents of \$9,395 and \$8,591 as of December 31, 2020 and 2019, respectively, as required by the Wisconsin Unemployment reserve fund.

##### E. Investment Valuation and Income Recognition

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under U.S. GAAP are described as follows:

## TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

### Notes to the Financial Statements

Years Ended December 31, 2020 and 2019

(Continued)

#### 1. Summary of Significant Accounting Policies (Continued)

##### E. Investment Valuation and Income Recognition (Continued)

**Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access

**Level 2** – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of December 31, 2020 and 2019, the Organization does not own any investments that fall under the level 2 or 3 measurement category.

Purchases and sales of investments are recorded on a trade-date basis. Interest and dividend income is recorded on the accrual basis.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2020 and 2019.

*Mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

##### F. Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation or amortization is provided over the estimated useful life of depreciable assets and is computed using the straight-line method. Estimated useful lives of property and equipment are as follows:

	<u>Useful Lives</u>
Leasehold improvements	3 to 10 years
Furniture and equipment	3 to 10 years
Computer software and website	3 to 5 years

## TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

### Notes to the Financial Statements

Years Ended December 31, 2020 and 2019

(Continued)

#### 1. Summary of Significant Accounting Policies (Continued)

##### G. Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Revenue from non-exchange transactions consist of the following:

- **Contributions of cash and promises to give** – Gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions having donor stipulations that are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using risk-free interest rates applicable to the years in which the contributions are promised and is reported as contribution revenue. Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.
- **Contributions of goods and services** – The Organization receives various types of contributed goods and services support, professional services, facilities supplies, and equipment. Contributed professional services are recognized if the services received (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. Contributed facilities are recorded at the fair market value of the space. Contributed tangible assets are recognized at fair market value as determined by the donor when received. During the years ended December 31, 2020 and 2019, the Organization did not receive any in-kind contributions that met the criteria for recognition.

##### H. Advertising and Promotion

Advertising and promotion costs are expensed as incurred and totaled \$104,947 and \$68,060 for the years ended December 31, 2020 and 2019, respectively.

##### I. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### J. Functional Expense Allocation

Directly identifiable expenses are charged to program, administration and fundraising. Expenses related to more than one function are charged to program, administration and fundraising based on which department the expense is incurred and on the nature of the expense.

**TIME OF GRACE MINISTRY**  
Milwaukee, Wisconsin

**Notes to the Financial Statements**  
Years Ended December 31, 2020 and 2019  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**K. Tax Status**

The Organization is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code ("the Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt from state taxes.

The Organization recognizes the benefit of a tax position only after determining whether it is more likely than not that the taxing authority would sustain the tax position upon examination of the technical merits of the tax position, assuming the taxing authority has full knowledge of all information. The Organization has recorded no assets or liabilities related to uncertain tax positions.

**L. Promises to Give**

All unconditional promises to give are expected to be received in one year or less. Based on the nature of the donors at year end, management has determined there are no uncollectible amounts at December 31, 2020 and 2019.

**M. Subsequent Events**

Management has evaluated all subsequent events through the date the financial statements were available for distribution (April 20, 2021) for possible inclusion as a disclosure in the financial statements. Subsequent to year end the board designated an additional \$300,000 (see noted 7 for designated net assets).

**2. Liquidity and Availability**

Financial assets available for general expenditure and other current contractual obligations, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	<u><b>2020</b></u>	<u><b>2019</b></u>
Cash and equivalents	\$ 851,611	\$ 202,378
Investments	105,880	58,843
Grants receivable	35,000	---
<b>Total financial assets</b>	992,490	261,221
<b>Less amounts not available to be used within one year for general expenditures:</b>		
Restricted by donor with time or purpose restrictions	(60,000)	(816)
<b>Financial assets available to meet cash needs for general expenditures and current contractual obligations within one year</b>	\$ 932,491	\$ 260,405

**3. Related Party Transactions**

The Organization occupies production facilities that are owned by a church whose pastor is also a Speaker of the Organization. In lieu of rent, the Organization made voluntary contributions to the church and is still responsible for a portion of the utility expense. Contributions in lieu of rent for the years ended December 31, 2020 and 2019 totaled \$86,668 and \$98,462, respectively.

**TIME OF GRACE MINISTRY**  
Milwaukee, Wisconsin

**Notes to the Financial Statements**  
Years Ended December 31, 2020 and 2019  
(Continued)

**4. Major Donor**

For the year ended December 31, 2020, no donors contributed more than 10% of net revenues. For the year ended December 31, 2019, one donor contributed more than 10% of net revenues.

**5. Investments**

Investments as of December 31, 2020 consisted of the following:

	<u>Fair Value</u>	<u>Cost or Gift Value</u>
<b>Investments:</b>		
Mutual funds:		
Large-cap equities	\$ 61,629	\$ 55,793
Small/mid-cap equities	25,906	25,078
Bond funds	18,345	17,968
<b>Total mutual funds</b>	<u>\$ 105,880</u>	<u>\$ 98,839</u>

All investments as of December 31, 2020 fall under the level 1 measurement category classification of investments at fair value by classification and method of valuation in accordance with the requirements of U.S. GAAP.

Investments as of December 31, 2019 consisted of the following:

	<u>Fair Value</u>	<u>Cost or Gift Value</u>
<b>Investments:</b>		
Mutual funds:		
Large-cap equities	\$ 34,979	\$ 32,223
Small/mid-cap equities	14,189	14,393
Bond funds	9,675	9,543
<b>Total mutual funds</b>	<u>\$ 58,843</u>	<u>\$ 56,159</u>

All investments as of December 31, 2019 fall under the level 1 measurement category classification of investments at fair value by classification and method of valuation in accordance with the requirements of U.S. GAAP.

**6. Line of Credit**

The Organization has entered into a line of credit agreement with a local financial institution. The available line of credit is \$600,000 with interest at the greater of the prime rate or 4.00% (effective rates of 4.00% and 4.75% at December 31, 2020 and 2019, respectively). The line of credit is secured by a general business security agreement. There was no balance owed on the line of credit at December 31, 2020 and 2019. Interest expense for the years ended December 31, 2020 and 2019 amounted to \$2,222 and \$3,918, respectively.

**7. Net Assets Without Donor Restrictions**

Net assets without donor restrictions at December 31, consist of:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 816,770	\$ 219,742
Board-designated	136,510	49,954
<b>Total net assets without donor restrictions</b>	<u>\$ 953,280</u>	<u>\$ 269,696</u>

**TIME OF GRACE MINISTRY**  
Milwaukee, Wisconsin

**Notes to the Financial Statements**  
Years Ended December 31, 2020 and 2019  
(Continued)

**8. Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
<b>Purpose restricted:</b>		
Technology	\$ ---	\$ 816
Television market expansion and airtime	25,000	---
<b>Purpose and time restricted:</b>		
Television market expansion and airtime	<u>35,000</u>	<u>---</u>
<b>Total net assets with donor restrictions</b>	<u>\$ 60,000</u>	<u>\$ 816</u>

**9. Retirement Plan**

The Organization has a 401(k) retirement plan that covers substantially all of its full-time and most part-time employees. The Organization may make discretionary contributions to the plan. Retirement plan contributions were \$46,184 and \$41,984 for the years ended December 31, 2020 and 2019, respectively.

**10. Concentration of Credit Risk**

The Organization maintains depository relationships with area financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation ("FDIC") up to specified limits. Balances in excess of FDIC limits are uninsured. The Organization has never experienced any losses related to these balances.

**11. Paycheck Protection Program**

In April 2020, the Organization received a loan in the amount of \$233,618 under the Paycheck Protection Program ("PPP Loan"). The PPP Loan and accrued interest are forgivable after the covered period, up to 24-weeks, if the borrower uses the PPP Loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, covered operations expenditures, covered property damage, covered supplier costs, covered worker protection expenditures and maintains its payroll levels. The amount of the PPP Loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period, up to 24-weeks. The unforgiven portion of the PPP Loan is payable over 2 years at an interest rate of 1%, with a deferral of payments for the first 10 months.

In November 2020, the Organization received notification that the loan has been forgiven in full. As a result, the Organization has accounted for the PPP Loan in accordance with *FASB ASC 958-605* as a conditional contribution. The Organization initially recorded the amount received as a note payable followed by a reduction in the payable and recognition of revenue when loan forgiveness was received.

**12. Capital Lease Obligation**

The Organization acquired a phone system under the provisions of a long-term capital lease from Great America Financial Services during the year ended December 31, 2018. The lease expires June 30, 2021 and has an implicit interest rate of 9.66 percent. For financial reporting purposes, minimum lease payments relating to these items have been capitalized. Debt principal and interest payments are included when paid in accordance with requirements established by the Wisconsin Administrative Code. The lease requires monthly principal and interest payments of \$265. Interest expense relating to this lease was \$302 and \$565 for the years ended December 31, 2020 and 2019, respectively.

**TIME OF GRACE MINISTRY**  
Milwaukee, Wisconsin

**Notes to the Financial Statements**  
Years Ended December 31, 2020 and 2019  
(Continued)

**12. Capital Lease Obligation (Continued)**

The future minimum lease payments under this capital lease are as follows:

Total minimum lease payments			1,588
2021	\$		1,588
Less: Amount representing interest			44
Present value of net minimum lease payments			1,544
<b>Current capital lease obligation</b>	<b>\$</b>		<b>1,544</b>

The following is a summary of the property held under capital lease as of December 31:

		<u>2020</u>		<u>2019</u>
Equipment	\$	8,306	\$	8,306
Accumulated amortization		(4,153)		(2,492)
<b>Net</b>	<b>\$</b>	<b>4,153</b>	<b>\$</b>	<b>5,814</b>

**13. Operating Leases**

The Organization has a lease for office equipment that was determined to be an operating lease. The lease expires in 2021. Payments made on the office equipment leases for the years ended December 31, 2020 and 2019 were \$2,028 and \$2,069, respectively. Minimum payment requirements for the years ended December 31 are as follows:

2021	\$	1,690
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The Organization entered into a lease to rent space owned by a church (a former related party). The Organization is required to pay base rent as specified in the lease. The current lease expires June 30, 2021. The Organization intends to renew the lease for an additional year, which will expire on June 30, 2022. The minimum future lease payments are as follows:

<u>Years Ending</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ 29,232
2022	14,832
<b>Total</b>	<b>\$ 44,064</b>

Rent expense related to this lease was \$28,800 and \$14,400 for the years ended December 31, 2020 and 2019, respectively.

**14. Restatement**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.