



**University of Leadership and
Ministry**

**Financial Statements
With Independent Auditor's Report**

December 31, 2022

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University of Leadership and Ministry

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Independent Auditor's Report

To the Board of Directors
University of Leadership and Ministry
Garner, North Carolina

Opinion

We have audited the financial statements of University of Leadership and Ministry, which comprise the statement of financial position as of December 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of University of Leadership and Ministry as of December 31, 2022, 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 auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University of Leadership and Ministry and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 University of Leadership and Ministry's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

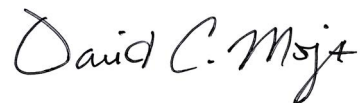
Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of University of Leadership and Ministry'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 University of Leadership and Ministry'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.



Reidsville, GA
May 26, 2023

University of Leadership and Ministry

Statement of Financial Position

	<u>December 31, 2022</u>
ASSETS:	
Cash and cash equivalents	\$ 9,286
Accounts receivable	10,037
Property and equipment–net	1,131
Right of use asset	<u>21,436</u>
Total Assets	<u><u>\$ 41,890</u></u>
LIABILITIES AND NET ASSETS:	
Liabilities:	
Accounts payable and other liabilities	\$ 5,450
Deferred revenue	-
Lease liability	<u>21,436</u>
	26,886
Net assets:	
Net assets without donor restrictions:	
Operating	15,004
Board designated	-
	<u>15,004</u>
	<u>15,004</u>
Total Liabilities and Net Assets	<u><u>\$ 41,890</u></u>

See notes to financial statements

University of Leadership and Ministry

Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Tuition and fees—net	\$ 208,235	\$ -	\$ 208,235
Contributions	156,720	700	157,420
Other income	8,057		8,057
Assets released from restriction	700	(700)	-
Total Revenues	<u>373,712</u>	<u>-</u>	<u>373,712</u>
EXPENSES:			
Program services	133,033	-	133,033
Management & general	247,851	-	247,851
Fundraising	-	-	-
Total expenses	<u>380,884</u>	<u>-</u>	<u>380,884</u>
Change in net assets from operations	<u>(7,172)</u>	<u>-</u>	<u>(7,172)</u>
Net Assets, Beginning of Year	<u>22,176</u>	<u>-</u>	<u>22,176</u>
Net Assets, End of Year	<u>\$ 15,004</u>	<u>\$ -</u>	<u>\$ 15,004</u>

See notes to financial statements

University of Leadership and Ministry

Statement of Functional Expenses

Year Ended December 31, 2022

	Institutional Support			Total
	Program Services	General and Administrative	Fundraising	
Salaries	\$ 61,718	\$ 172,185	\$ -	\$ 233,903
Benefits	3,954	7,078	-	11,032
Total salaries and benefits	65,672	179,263	-	244,935
Professional services	-	13,750	-	13,750
Advertising	1,026	-	-	1,026
Office expense	9,453	1,158	-	10,611
Information technology	29,648	3,631	-	33,279
Occupancy	1,031	19,728	-	20,759
Travel	1,344	25,710	-	27,054
Conferences	238	4,553	-	4,791
Interest	-	-	-	-
Depreciation	479	59	-	538
Insurance	815	-	-	815
Other expense	23,326	-	-	23,326
	\$ 133,033	\$ 247,851	\$ -	\$ 380,884

See notes to financial statements

University of Leadership and Ministry

Statements of Cash Flows

	<u>December 31, 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (7,172)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	538
Changes in operating assets and liabilities:	
Accounts receivable	(9,942)
Accounts payable	(4,112)
Net Cash Used by Operating Activities	<u>(20,688)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>
Change in Cash and Cash Equivalents	(20,688)
Cash and Cash Equivalents, Beginning of Year	<u>29,974</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,286</u>

See notes to financial statements

University of Leadership and Ministry

Notes to Financial Statements

December 31, 2022

NOTE 1: NATURE OF THE BUSINESS

University of Leadership and Ministry (UNILIMI), founded in 2016, is a non-profit organization identified among the Hispanic/ Latino Christian community with its main campus located in Garner, North Carolina. UNILIMI is a post-secondary educational institution authorized to offer degree programs as authorized by the state of North Carolina. UNILIMI prepares students academically, theologically, and biblically while offering A.S. degrees, B.A. degrees and certificate programs for those seeking effective training for ministry, theological studies, Christian family counseling, Christian leadership and communications, and Christian education and apologetics.

UNILIMI generates its operating revenue primarily from student's tuition/contributions and generous donations given to our institution. We have students from different states and countries attending UNILIMI within the median age of 26-45 years of age. UNILIMI has received certification with AETH and is currently seeking full accreditation with ABHE.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

METHOD OF ACCOUNTING

UNILIMI's accounts are maintained on the accrual basis of accounting.

CASH AND CASH EQUIVALENTS

Cash on hand varies from month to month depending on how many students register in every course period, in addition to the weekly and occasional donations we receive.

ACCOUNTS RECEIVABLE AND DEFERRED TUITION

UNILIMI students must pay the course(s) taken before the last day of class. Accounts receivable records the students' balance in the students' Populi account where the due date is reflected. If the student has difficulty paying the amount owed, then he/ she will agree to a deferred tuition payment plan to pay off the balance owed.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

On a periodic basis, UNILIMI evaluates its accounts receivable and establishes the amount of its allowance for doubtful accounts based on a history of unpaid student balances. Student receivables are written off as a charge against the allowance after students cease enrollment.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost, less accumulated depreciation. Contributed items are recorded at fair market value at date of donation. If donors stipulate how the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions are recorded as unrestricted. Depreciation of property and equipment is computed using the straight-line method over the estimated useful asset lives from 5-40 years.

University of Leadership and Ministry

Notes to Financial Statements

December 31, 2022

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTED SERVICES AND MATERIALS

UNILIMI recognizes contributed services and materials at their estimated fair value. Recognition occurs if the services have value to UNILIMI, are provided by individuals possessing specialized skills, and would have been purchased if not provided by contributions. During the year ended December 31, 2022 no donated services met the criteria for recognition.

ADVERTISING COSTS

Advertising/promotion costs, except for costs associated with direct-response advertising, are charged to operations when incurred. UNILIMI has no direct-response costs at December 31, 2022. Advertising expense year ended December 31, 2022 was \$1,026.

INCOME TAXES

UNILIMI is a nonprofit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). However, income from certain activities not related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income generated in the current year. Therefore, no provision for federal income taxes has been made in the accompanying financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

UNILIMI has financial assets at the statement of financial position date as follows:

	<u>2022</u>
Cash and cash equivalents	\$ 9,286
Student accounts receivable - net	10,037
general expenditures over the next twelve months	<u>\$ 19,323</u>

University of Leadership and Ministry

Notes to Financial Statements

December 31, 2022

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2022 are as follows:

	2022
Furniture and equipment	<u>6,656</u>
Less accumulated depreciation	<u>(5,525)</u>
	<u>\$ 1,131</u>

Depreciation expense for the years ended December 31, 2022 was \$538.

NOTE 5 – FUNCTIONAL EXPENSES

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on periodic time/expense studies and/or square footage.

Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of UNILIMI.

NOTE 6 - RELATED PARTY TRANSACTIONS

UNILIMI is affiliated with the church, Iglesia Aliento de Vida, Inc., located in Queens, NY. The Church made cash contributions in the amount of \$164,300 for the year ended December 31, 2022.

NOTE 7 – TUITION AND FEES

Tuition and fees are considered earned by the College evenly throughout each semester. The amounts are shown net of scholarships and discounts in the Statement of Activities. For the year ended June 30, 2022 Tuition and fees were as follows:

	2022
Tuition	\$ 224,100
Fees	29,005
less: Scholarships and discounts	<u>(44,870)</u>
Tuition and fees - net	208,235

University of Leadership and Ministry

Notes to Financial Statements

December 31, 2022

NOTE 8 – LEASES

UNILIMI leases certain office facilities and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates and provide for renewal options ranging from one year to five years. We include in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Our operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires us to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, we estimate an applicable incremental borrowing rate. The incremental borrowing rate is estimated using our applicable borrowing rates and the contractual lease term.

NOTE 9 - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2022 possible adjustment to the financial statements or disclosure is May 26, 2023, the date the financial statements were available to be issued.

University of Leadership and Ministry

December 31, 2022

SUPPLEMENTAL SCHEDULE

Composite Financial Index

In order to participate in the Student Financial Assistance (SFA) Program, an institution must demonstrate that it is financially responsible. One of the general standards for nonprofit institutions is the composite score standard in 34 CFR 668.172. The composite score combines different measures of fundamental elements of financial health to yield a single measure of an institution's overall financial health.

TBI's composite score is calculated as follows:

Primary reserve ratio	0.1457
Equity ratio	0.8596
Net income ratio	<u>0.1040</u>
 SUM OF ALL RATIOS	 <u><u>1.1094</u></u>
 COMPOSITE SCORE	 <u><u>1.1</u></u>

If the composite score is between 1.5 and 3.0, the College is considered financially responsible under this standard. Between 1.0 and 1.5, the College is considered to be "in the zone."