

NEW LIFE ASSOCIATION, INC.  
AND AFFILIATES

Consolidated Financial Statements  
With Independent Auditors' Report

September 30, 2018

**NEW LIFE ASSOCIATION, INC.  
AND AFFILIATES**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
New Life Association, Inc. and Affiliates  
Woodland Park, Colorado

We have audited the accompanying consolidated financial statements of New Life Association, Inc. and Affiliates, which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
New Life Association, Inc. and Affiliates  
Woodland Park, Colorado

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of New Life Association, Inc. and Affiliates, as of September 30, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

New Life Association, Inc. and Affiliates has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in note 2. This has had a material effect on the presentation of the September 30, 2018 consolidated financial statements. Our opinion has not been modified with respect to this matter.

*Capin Crouse LLP*

Colorado Springs, Colorado  
June 26, 2019

# NEW LIFE ASSOCIATION, INC. AND AFFILIATES

## Consolidated Statement of Financial Position

September 30, 2018

### ASSETS:

#### Current assets:

Cash and cash equivalents	\$ 3,276,882
Investments	450,049
Accounts receivable	486,295
Promises-to-give	336,122
Prepaid expenses and other assets	369,996
Inventory	445,231

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Promises-to-give, net of current portion	140,248
Property held for sale	5,442,966
Deposit	1,866,667
Property and equipment–net	90,370,277

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Total Assets	\$ 103,184,733
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### LIABILITIES AND NET ASSETS:

#### Liabilities:

#### Current liabilities:

Accounts payable	\$ 2,601,043
Construction and retainage payable	4,391,590
Accrued expenses and other liabilities	2,100,404
Deferred revenue	2,723,884
Long-term debt–net	4,327,490

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Long-term debt–net, net of current portion	11,249,488
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#### Net assets:

#### Net assets without donor restrictions:

Operating	(8,999,944)
Equity in property and equipment–net	76,659,966
Equity in property held for sale	5,442,966

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Net assets with donor restrictions	2,687,845
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Total Liabilities and Net Assets	\$ 103,184,733
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See notes to consolidated financial statements

# NEW LIFE ASSOCIATION, INC. AND AFFILIATES

## Consolidated Statement of Activities

Year Ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:			
Contributions	\$ 46,104,268	\$ 5,492,554	\$ 51,596,822
Bible colleges tuition and fees-net	7,297,095	-	7,297,095
Meetings and conference offerings	1,942,605	-	1,942,605
Product offerings and sales	973,094	-	973,094
Program and other income	1,004,410	-	1,004,410
	<u>57,321,471</u>	<u>5,492,554</u>	<u>62,814,025</u>
Net assets released from:			
Satisfaction of program restrictions	<u>6,620,176</u>	<u>(6,620,176)</u>	<u>-</u>
Total Support, Revenue, and Reclassifications	<u>63,941,647</u>	<u>(1,127,622)</u>	<u>62,814,025</u>
EXPENSES:			
Program activities:			
Teaching ministry	36,569,804	-	36,569,804
Bible colleges	12,447,452	-	12,447,452
	<u>49,017,256</u>	<u>-</u>	<u>49,017,256</u>
Supporting activities:			
General and administrative	4,932,888	-	4,932,888
Fundraising	3,238,405	-	3,238,405
	<u>8,171,293</u>	<u>-</u>	<u>8,171,293</u>
Total Expenses	<u>57,188,549</u>	<u>-</u>	<u>57,188,549</u>
Change in Net Assets	6,753,098	(1,127,622)	5,625,476
Net Assets, Beginning of Year	<u>66,349,890</u>	<u>3,815,467</u>	<u>70,165,357</u>
Net Assets, End of Year	<u>\$ 73,102,988</u>	<u>\$ 2,687,845</u>	<u>\$ 75,790,833</u>

See notes to consolidated financial statements

# NEW LIFE ASSOCIATION, INC. AND AFFILIATES

## Consolidated Statement of Functional Expenses

Year Ended September 30, 2018

	Program Activities			Supporting Activities		
	Teaching Ministry	Bible Colleges	Total Program Activities	General and Administrative	Fundraising	Total
Salaries and wages	\$ 10,209,943	\$ 4,518,423	\$ 14,728,366	\$ 2,363,996	\$ 1,121,717	\$ 18,214,079
Employee benefits	436,441	373,988	810,429	130,079	61,723	1,002,231
Payroll taxes	734,348	325,572	1,059,920	170,124	80,724	1,310,768
Total salaries and related expenses	<u>11,380,732</u>	<u>5,217,983</u>	<u>16,598,715</u>	<u>2,664,199</u>	<u>1,264,164</u>	<u>20,527,078</u>
Broadcast air time	12,205,949	-	12,205,949	-	801,038	13,006,987
Supplies	1,540,861	592,991	2,133,852	342,497	162,515	2,638,863
Contributions to others	1,311,061	260,706	1,571,767	252,279	119,706	1,943,753
Travel	550,811	1,176,425	1,727,236	277,232	131,547	2,136,015
Occupancy	2,236,025	1,846,470	4,082,495	41,455	21,584	4,145,534
Printing and publications	1,169,595	185,570	1,355,165	1,462	195,594	1,552,221
Postage and shipping	1,112,624	45,830	1,158,454	185,939	88,228	1,432,622
Professional fees	1,097,472	317,022	1,414,494	210,968	-	1,625,462
Multi-media materials	727,130	80,512	807,642	-	-	807,642
Advertising	567,629	106,395	674,024	108,185	51,334	833,543
Conferences and events	487,990	393,256	881,246	141,446	67,116	1,089,808
Dues, fees, and subscriptions	563,171	197,055	760,226	122,021	57,899	940,146
Equipment, rental, and maintenance	366,124	184,999	551,123	88,459	41,974	681,555
Insurance	62,286	96,056	158,342	25,415	12,059	195,816
Consulting	72,655	72	72,727	11,673	5,539	89,939
Other	196,588	878,196	1,074,784	172,510	81,856	1,329,150
Total expenses before depreciation and amortization	<u>35,648,703</u>	<u>11,579,538</u>	<u>47,228,241</u>	<u>4,645,740</u>	<u>3,102,153</u>	<u>54,976,134</u>
Depreciation and amortization	<u>921,101</u>	<u>867,914</u>	<u>1,789,015</u>	<u>287,148</u>	<u>136,252</u>	<u>2,212,415</u>
Total expenses	<u>\$ 36,569,804</u>	<u>\$ 12,447,452</u>	<u>\$ 49,017,256</u>	<u>\$ 4,932,888</u>	<u>\$ 3,238,405</u>	<u>\$ 57,188,549</u>

# NEW LIFE ASSOCIATION, INC. AND AFFILIATES

## Consolidated Statement of Cash Flows

Year Ended September 30, 2018

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 5,625,476
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	2,212,415
Changes in operating assets and liabilities:	
Accounts receivable	(91,648)
Promises-to-give	177,630
Prepaid expenses and other assets	147,903
Inventory	(41,658)
Accounts, construction, and retainage payable	(602,909)
Accrued expenses and other liabilities	(502,466)
Deferred revenue	773,602
Net Cash Provided by Operating Activities	<u>7,698,346</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Net purchases of investments	(433,836)
Purchases of property and equipment	(6,509,563)
Proceeds from sale of property and equipment	-
Net Cash Used in Investing Activities	<u>(6,943,399)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on long-term debt	(351,168)
Net Cash Used in Financing Activities	<u>(351,168)</u>

Change in Cash and Cash Equivalents and Restricted Cash	403,779
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Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>2,873,103</u>
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Cash and Cash Equivalents and Restricted Cash, End of Year	<u><u>\$ 3,276,882</u></u>
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### NON-CASH TRANSACTIONS AND SUPPLEMENTAL DISCLOSURE:

Cash paid for interest	<u>\$ 295,726</u>
Property and equipment obtained through long-term debt	<u>\$ 12,417,445</u>
Property and equipment obtained through construction and retainage payable	<u>\$ 4,391,590</u>
Property and equipment transferred to property held for sale	<u><u>\$ 5,442,966</u></u>

See notes to consolidated financial statements



# **NEW LIFE ASSOCIATION, INC. AND AFFILIATES**

## **Notes to Consolidated Financial Statements**

September 30, 2018

### **1. NATURE OF ORGANIZATION:**

New Life Association, Inc. (NLA) was formed as the parent corporation of Andrew Wommack Ministries, Inc. (AWMI) and other newly created affiliates. The nature of NLA is to proclaim the gospel of Jesus Christ as far and as wide as possible and this is accomplished through literature conferences, rallies, television media, and internet. NLA's affiliates include AWMI, Charis Bible Colleges, Inc. (CBC), 7M Ventures, Inc. (7M), New Life Holding Corporation (NLH), Charis Enterprises, Inc. (CEI), Charis Food Services, LLC (CFS), and Charis Theatrical Productions, LLC (CTP). During the year ended September 30, 2018, the only affiliates with activity are AWMI, CBC, NLH, and CFS.

AWMI's mission is to teach the life-changing truths of the Gospel that the Lord has shown Andrew Wommack to the body of Christ with special emphasis on God's unconditional love and the balance between grace and faith. The ministry fulfills this mission by teaching people around the world at conferences, in churches, on radio and television, by training others at Charis Bible Colleges, and by developing ministry materials designed to help individuals solidify their relationship with the Lord. Currently, the daily television program, The Gospel Truth, is on 313 and 15 television stations in the United States and overseas, respectively. Due to the growth of AWMI, AWMI is in the process of corporate restructuring.

CBC was established to train and equip individuals to carry out the Gospel of Jesus Christ through practical application through mentoring, training and teaching.

NLH is a nonprofit corporation exempt from federal income taxes under Section 501(c)(2) of the Internal Revenue Code (the Code). It is organized and operated exclusively for the purpose of holding title to property, collecting income, therefrom, and turning over the entire amount less expenses to NLA.

CFS provides certain food services at the Charis Bible College campus in Woodland Park.

All entities noted (with the exception of NLH) are not-for-profit corporations exempt from federal income taxes under Section 501(c)(3) of the Code. They are exempt from state income taxes. They have been classified as publicly supported Ministrys, which are not private foundations, under Section 509(a) of the Code. All entities are collectively referred to as the Ministry within in the consolidated financial statements. The primary source of revenue for the Ministry is contributions from the teaching of Andrew Wommack.

# **NEW LIFE ASSOCIATION, INC. AND AFFILIATES**

## **Notes to Consolidated Financial Statements**

September 30, 2018

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The consolidated financial statements of the Ministry have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The following summary of significant accounting policies are described below to enhance the usefulness of the consolidated financial statements to the reader.

#### **PRINCIPLES OF CONSOLIDATION**

Due to board of directors composition, AWMI, CBC, NLH, CFS are controlled affiliates of NLA. The consolidated financial statements of the Ministry include the consolidated financial resources and activities of NLA, AWMI, CBC, NLH, and CFS. All significant intercompany balances and transactions have been eliminated.

#### **CASH AND CASH EQUIVALENTS**

For the purposes of the consolidated statement of financial position and cash flows, cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. These accounts may, at times, exceed federally insured limits. The Ministry has not experienced any losses in such accounts. As of September 30, 2018, cash and cash equivalents exceeded FDIC limits by approximately \$2,983,000.

#### **PROMISES-TO-GIVE**

Promises-to-give are recognized as income when made unconditionally, and recorded at fair value based upon estimated future cash flows. Promises-to-give that are expected to be collected within one year are recorded at net realizable value. Promises-to-give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Promises-to-give are reported net of allowances for uncollectible accounts.

Additionally, the Ministry's numerous donors sign up to make monthly gifts for an indefinite period of time to support the Ministry and its programs. Such gifts can be rescinded by a donor at any time and it is not practicable to estimate the amount of future gifts at year end. Therefore, these monthly gifts are considered to be intentions of give, rather than unconditional promises, and are not recorded as a promise-to-give at year end.

#### **INVENTORY**

Inventory consists of a variety of multi-media Christian outreach materials which are either sold or provided to the public in exchange for a voluntary contribution. Inventory is recorded at the lower of cost or net realizable value. Management periodically evaluates the inventory for obsolete or slow moving inventory.

# **NEW LIFE ASSOCIATION, INC. AND AFFILIATES**

## **Notes to Consolidated Financial Statements**

September 30, 2018

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

#### **INVESTMENTS**

Investment assets consist of cash and cash equivalents, exchange traded funds, and equity securities. Both exchange traded funds and equity securities are reported at fair market value and have readily determinable fair value. Donated securities are recorded at fair value on the date of the gift and are carried in accordance with the above policy. Donated securities are reported as net purchases of investments on the consolidated statement of cash flows.

All investment assets are valued using Level 1 inputs which are defined within the Fair Value Measurements Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. Level 1 inputs consist of quoted prices in active markets for identical assets.

#### **PROPERTY HELD FOR SALE**

During the year ended September 30, 2018, the Ministry listed its property located in Colorado Springs, Colorado for sale. It is recorded at the lower of cost or market.

#### **PROPERTY AND EQUIPMENT**

Property and equipment is stated at cost or, if donated, at the estimated fair value at the date of donation. Depreciation and amortization is provided using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Furniture and equipment	5-10 years
Vehicles	5 years
Software	5 years

The Ministry's policy is to capitalize acquisitions of property and equipment with a cost greater than \$2,000 and having a useful life exceeding one year.

# **NEW LIFE ASSOCIATION, INC. AND AFFILIATES**

## **Notes to Consolidated Financial Statements**

September 30, 2018

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

#### **NET ASSETS**

The consolidated financial statements report amounts by classification of net assets as follows:

Net assets without donor restrictions are those resources currently available at the discretion of management for use in the Ministry's operations and those resources invested in property and equipment-net.

*Net assets with donor restrictions* are those resources which are stipulated by donors for specific operating purposes or capital projects. Promises-to-give that are restricted for future periods are classified as temporarily restricted until they are collected.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to legal restrictions. Restrictions on contributions for the acquisition of property or other long-lived assets are considered to be met when the property or other long-lived asset is placed in service.

#### **SUPPORT, REVENUE, AND EXPENSES**

Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred to the Ministry. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. The Ministry records support as contributions with donor restrictions if they are received with donor stipulations that limit their use through purpose or time restrictions, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Many individuals volunteer their time and perform a variety of tasks that assist the Ministry. However, these services are not reflected in the consolidated financial statements since they do not meet the criteria for recognition as contributed services.

Product offerings and sales are recorded when the sale occurs. Tuition and fees consist of revenue from student tuition and is recorded when earned. Prepaid tuition is recorded as deferred revenue in the consolidated statement of financial position. Tuition and fees are recorded net of discounts and scholarships of approximately \$703,000 for the year ended September 30, 2018.

Program and other income is recorded when earned. Expenses are recorded when incurred, in accordance with the accrual basis of accounting.

# NEW LIFE ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated statement of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Ministry. These expenses include depreciation, interest, information technology, and facilities operations, which are allocated based on square footage occupancy. Costs of other categories were allocated on estimates of time and effort.

#### RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Ministry early adopted the provisions of this new standard during the year ended September 30, 2018. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and the availability of resources (note 3), and disclosures related to functional allocation of expenses were expanded (note 2, above). Adoption of this standard had no effect on change in net assets by class of net assets or in total.

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Ministry's financial assets as of September 30, 2018, reduced by amounts not available for general expenditure because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date.

#### Financial assets:

Cash and cash equivalents	\$ 3,276,882
Accounts receivable	486,295
Promises-to-give	476,370
Endowment assets	<u>450,049</u>

Financial assets, at year-end:	<u>4,689,596</u>
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Less those unavailable for general expenditure within one year, due to:

Promises-to-give-net collectible beyond one year	<u>(140,248)</u>
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Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,549,348</u></u>
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As part of the Ministry's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Ministry also has committed a revolving line of credit in the amount of \$4,000,000, which it could draw upon. See note 6 for more information on the line of credit.

# NEW LIFE ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2018

4. PROMISES-TO-GIVE:

Promises-to give consists of unconditional pledges restricted by donors for the purchase of a 336-acre property adjacent to the Charis Bible College campus in Woodland Park, Colorado. This property, known as the Sturman property. Promises-to-give receivables, as of September 30, 2018, consists of amounts due in:

Less than one year	\$ 336,122
One to five years	140,248
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	\$ 476,370
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5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, as of September 30, 2018, consists of:

Land	\$ 2,400,000
Buildings and improvements	44,178,385
Furniture and equipment	8,845,740
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	55,424,125
Less accumulated depreciation and amortization	(8,389,441)
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	47,034,684
Construction in progress	43,335,593
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	\$ 90,370,277
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Equity in property and equipment–net, as of September 30, 2018, consists of:

Property and equipment–net	\$ 90,370,277
Deposit	1,866,667
Less related long-term debt	(15,576,978)
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	\$ 76,659,966
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# NEW LIFE ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2018

6. LONG-TERM DEBT-NET:

Long-term debt, as of September 30, 2018, consists of:

Construction line of credit with a financial institution for \$23,000,000, secured by property and equipment. Fixed interest-only payments (of 6%) will be made until August 2019, at which time the line of credit becomes a term loan and monthly principal and interest payments of \$250,542, will begin. At that time, interest will be variable based on the Wall Street Journal Prime Rate plus 0.5%. The loan matures August 2029.	\$ 9,959,857
Revolving \$4,000,000 line of credit with a financial institution, secured by property and equipment. Interest rate of the UMB Bank's Prime Rate (effectively 4.5% as of September 30, 2018). The line of credit matures March 2019.	4,011,000
Note payable to a financial institution, secured by property and equipment. Payable in monthly installments of \$24,781, including fixed interest of 3.5%. The note matures January 2020, at which time a balloon payments will be required.	1,267,907
Two equipment financing agreements with a financial institution which require a combined monthly principal and interest payment of \$11,964, bears an interest rate raging from 5% to 5.25% and matures April 2021.	338,214
	15,576,978
Less current portion	(4,327,490)
	<u>\$ 11,249,488</u>

Future minimum principal payments are:

<u>Year Ending September 30,</u>	
2019	\$ 4,327,490
2020	3,108,453
2021	1,953,697
2022	1,985,936
2023	2,099,554
Thereafter	2,101,848
	<u>\$ 15,576,978</u>

The Ministry was in compliance with all financial and reporting covenants, or obtained waivers, as of September 30, 2018.

# NEW LIFE ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2018

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions restricted by purpose and time, as of September 30, 2018, consists of:

Capital projects	\$ 1,970,982
Mission funds	592,093
Scholarship funds	103,643
World outreach funds	21,127
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	\$ 2,687,845
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Net assets with donor restrictions restricted in perpetuity consists of the Charis Bible College endowment. Additional information is included in note 9.

8. ALLOCATION OF JOINT COSTS:

For the year ended September 30, 2018, the Ministry has allocated joint costs for broadcasting and informational materials that include fundraising appeals among program, general and administrative, and fundraising as follows:

		Support Activities:		
	Program Activities	General and Administrative	Fundraising	Total
Broadcast airtime	\$ 12,205,949	\$ -	\$ 801,038	\$ 13,006,987
Printing and publications	1,355,165	1,462	195,594	1,552,221
Postage and shipping	1,158,454	185,939	88,228	1,432,621
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	\$ 14,719,568	\$ 187,401	\$ 1,084,860	\$ 15,991,829
	<hr/>	<hr/>	<hr/>	<hr/>

9. COMMITMENTS:

During the year ended September 30, 2017, the Ministry entered into a contract for the right to purchase the Sturman property, which has a 60,000 square foot building, which the Ministry uses as its headquarters. Per the agreement, the Ministry paid \$2,000,000 initially and will pay \$133,333 per month until October 31, 2019 or until the option purchase price of \$6,000,000 is paid in full. As of September 30, 2018, the consolidated statement of financial position includes a deposit amount of \$1,866,667 which represents deposit payments made by the Ministry of \$2,400,000 less amortization of the payments on a monthly basis. In the event the Ministry does not exercise the option to purchase the property on or before October 31, 2019, it will forfeit the option price paid up to that date. If the Ministry elects to exercise the option to purchase the property, the option purchase price paid up to that date will be credited against the purchase price of the property of \$21,000,000. The sale is expected to finalize October 2019.



**NEW LIFE ASSOCIATION, INC.  
AND AFFILIATES**

**Notes to Consolidated Financial Statements**

September 30, 2018

9. COMMITMENTS, continued:

Additionally, the Ministry has entered into multiple construction contracts to remodel the Sturman property and to build a parking garage for its Charis Bible College campus in Woodland Park, Colorado. The Ministry has committed to approximately \$59,400,000. As of September 30, 2018, the remaining commitment under these construction contracts is approximately \$19,800,000.

10. LEASES:

The Ministry leases Bible college classroom, office space, and various office equipment under long-term operating leases. Lease expense under these agreements for the year ended September 30, 2018, was \$4,145,534. Future minimum lease payments are:

<u>Year Ending September 30,</u>	
2019	\$ 1,586,668
2020	1,341,807
2021	1,175,907
2022	543,501
2023	138,603
Thereafter	<u>129,543</u>
	<u><u>\$ 4,916,029</u></u>

11. RETIREMENT PLAN:

The Ministry maintains a 403(b) retirement plan (the Plan) covering eligible employees which allows participants to make elective salary deferral contributions. The Ministry did not make any contributions to the Plan during the year ended September 30, 2018.

12. SUBSEQUENT EVENT:

Subsequent events have been evaluated through June 26, 2019, which is the date the consolidated financial statements were available to be issued.