



**Good News Outreach, Inc.
and Subsidiary**

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020



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REPORT





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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Good News Outreach, Inc. and Subsidiary
Tallahassee, Florida

Opinion

We have audited the accompanying consolidated financial statements of the Good News Outreach, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Good News Outreach, Inc. and Subsidiary as of December 31, 2021, and the changes in their net assets and its cash flows for the year 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Good News Outreach, Inc. and Subsidiary 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.

Prior Period Adjustment

As described in Note 12 to the consolidated financial statements, the accompanying consolidated financial statements for 2020 have been restated to correct an error related to grant receivable balance. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Good News Outreach, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Good News Outreach, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Good News Outreach, Inc. and Subsidiary'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.

Report on Summarized Comparative Information

We have previously audited the Good News Outreach, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida
September 23, 2022



CONSOLIDATED FINANCIAL STATEMENTS

Good News Outreach, Inc. and Subsidiary Consolidated Statements of Financial Position

<i>December 31,</i>	(As restated)	
	2021	2020
Assets		
Current assets		
Cash	\$ 477,963	\$ 313,981
Grants and other receivables	27,957	22,123
Rent receivable - net	19,432	19,941
Other assets	1,749	-
Total current assets	527,101	356,045
Non-current assets		
Property and equipment - net	2,410,094	1,733,336
Security deposits	2,445	2,445
Total non-current assets	2,412,539	1,735,781
Total assets	\$ 2,939,640	\$ 2,091,826
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 3,740	\$ 3,750
Accrued expenses	36,950	18,756
Refundable advances	10,000	7,000
Current portion of long-term debt	45,030	209,379
Total current liabilities	95,720	238,885
Long-term liabilities		
Deposits received	28,377	24,075
Long-term debt, less current portion	1,154,674	920,743
Total long-term liabilities	1,183,051	944,818
Total liabilities	1,278,771	1,183,703
Net assets		
Without donor restrictions		
Undesignated	1,551,869	815,123
With donor restrictions		
Restricted for purpose or time	109,000	93,000
Total net assets	1,660,869	908,123
Total liabilities and net assets	\$ 2,939,640	\$ 2,091,826

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

Good News Outreach, Inc. and Subsidiary Consolidated Statements of Activities

<i>For the years ended December 31,</i>	Without Donor Restrictions	With Donor Restrictions	2021 Total	(As restated) 2020 Summarized Total
Revenue and Other Support				
In-kind contributions	\$ 1,142,960	\$ -	\$ 1,142,960	\$ 424,404
Rental income	443,921	-	443,921	379,702
Direct public support	171,613	60,000	231,613	320,385
Contributions	80,000	-	80,000	100,000
Grant revenue	113,175	-	113,175	52,357
Gain on disposal of assets	-	-	-	44,077
Forgiveness of PPP loan	-	-	-	28,840
Other income	30,849	-	30,849	27,378
Special events	29,673	-	29,673	18,430
Net assets released from restrictions				
Satisfaction of donor restrictions	44,000	(44,000)	-	-
Total revenue and other support	2,056,191	16,000	2,072,191	1,395,573
Expenses				
Program services	1,146,237	-	1,146,237	901,457
Supporting services				
Management and general	141,169	-	141,169	218,580
Fundraising	32,039	-	32,039	10,220
Total expenses	1,319,445	-	1,319,445	1,130,257
Change in Net Assets	736,746	16,000	752,746	265,316
Net assets at beginning of year, as previously reported	815,123	182,705	997,828	642,807
Prior period adjustment - see Note 12	-	(89,705)	(89,705)	-
Net assets at beginning of year, as restated	815,123	93,000	908,123	642,807
Net assets at end of year	\$ 1,551,869	\$ 109,000	\$ 1,660,869	\$ 908,123

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

Good News Outreach, Inc. and Subsidiary Consolidated Statements of Functional Expenses

	Program Services										Supporting Services			2021 Total	Summarized Total
	Marlyland Oaks	Elder Services	Food Ministry	Mercy House	Promise Zone	Women's Re-entry	Fourth Avenue	Program Services Subtotal	Management and General	Fundraising	Supporting Services Subtotal				
<i>For the years ended December 31,</i>															
Food	\$ -	\$ 50,926	\$ 407,899	\$ 20	\$ -	\$ -	\$ -	\$ 458,845	\$ 181	\$ 387	\$ 568	\$ 459,413	\$ 416,037		
Salaries and related benefits	160,901	13,120	16,036	37,663	15,409	7,611	-	250,740	52,743	7,018	59,761	310,501	228,758		
Depreciation	94,638	5,581	-	3,647	-	5,581	-	109,447	669	-	669	110,116	96,626		
Utilities	49,553	213	291	14,343	-	11,526	-	75,926	920	-	920	76,846	58,348		
Interest	52,294	-	-	8,320	-	-	-	60,614	-	-	-	60,614	45,456		
Insurance	18,477	635	194	8,019	86	2,660	-	30,071	12,219	125	12,344	42,415	46,310		
Contract Labor	-	-	-	1,300	-	-	-	1,300	31,137	8,855	39,992	41,292	39,936		
Bad debt	37,534	-	-	1,244	-	-	-	38,778	-	-	-	38,778	36,723		
Repairs and maintenance	23,554	-	-	1,418	-	10,885	-	35,857	138	-	138	35,995	52,705		
Client expenses	13,962	2,146	2,253	5,078	3,324	1,409	-	28,172	367	42	409	28,581	21,398		
Rent	-	6,000	9,000	-	-	-	3,400	18,400	9,000	-	9,000	27,400	24,000		
Computer expenses	5,095	-	-	-	-	5,620	-	10,715	4,159	2,441	6,600	17,315	10,143		
Miscellaneous	2,247	-	-	872	-	937	-	4,056	8,171	230	8,401	12,457	6,767		
Professional fees	-	-	-	-	-	-	-	-	9,300	-	9,300	9,300	9,300		
Dues, licenses, taxes	2,027	-	55	377	-	-	-	2,459	6,101	215	6,316	8,775	3,026		
Printing and copying	-	-	-	-	-	-	-	-	315	6,378	6,693	6,693	3,240		
Fundraising expenses	-	-	-	-	-	-	-	-	686	4,782	5,468	5,468	3,520		
Pest control	3,600	-	-	600	-	1,015	-	5,215	-	-	-	5,215	5,095		
Supplies	319	467	1,272	1,314	-	288	-	3,660	729	514	1,243	4,903	1,152		
Equipment rental/purchases	1,813	-	193	613	-	-	-	2,619	1,673	-	1,673	4,292	2,893		
Telephone	-	913	618	719	-	-	-	2,250	717	-	717	2,967	3,023		
Office supplies	1,154	-	-	333	-	11	-	1,498	1,337	-	1,337	2,835	4,796		
Amortization	2,403	-	-	-	-	-	-	2,403	-	-	-	2,403	2,403		
Posting/shipping	171	165	168	165	110	58	-	837	369	1,052	1,421	2,258	2,203		
Eviction expenses	1,301	-	-	-	-	-	-	1,301	-	-	-	1,301	384		
Auto expense	-	-	-	1,037	-	-	-	1,037	-	-	-	1,037	-		
Employee appreciation	-	-	-	-	-	-	-	-	150	-	150	150	1,000		
Bank charges	-	-	-	12	25	-	-	37	88	-	88	125	3,017		
Education	-	-	-	-	-	-	-	-	-	-	-	-	1,998		
Total expenses	\$ 471,043	\$ 80,166	\$ 437,979	\$ 87,094	\$ 18,954	\$ 47,601	\$ 3,400	\$ 1,146,237	\$ 141,169	\$ 32,039	\$ 173,208	\$ 1,319,445	\$ 1,130,257		

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

**Good News Outreach, Inc. and Subsidiary
Consolidated Statements of Cash Flows**

<i>For the years ended December 31,</i>	(As restated)	
	2021	2020
Operating Activities		
Change in net assets	\$ 752,746	\$ 265,316
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	112,519	99,029
Bad debt	38,778	36,723
(Gain) loss on disposal of property and equipment	-	(44,077)
Changes in operating assets and liabilities:		
Grants and other receivables	(44,612)	19,372
Rent receivable	509	(16,095)
Other assets	(1,749)	-
Accounts payable	(10)	(57,979)
Accrued expenses	18,194	6,721
Refundable advances	3,000	7,000
Deposits	4,302	2,300
Net cash provided by (used in) operating activities	883,677	318,310
Investing Activities		
Purchase of property, plant and equipment	(786,874)	(76,777)
Proceeds from disposal of property, plant and equipment	-	94,853
Net cash provided by (used in) investing activities	(786,874)	18,076
Financing Activities		
Principal payments on note payable	(82,821)	(238,836)
Borrowings on PPP loan	-	35,840
Borrowings on EIDL loan	150,000	149,900
Net cash provided by (used in) financing activities	67,179	(53,096)
 Net change in cash	 163,982	 283,290
Cash at beginning of year	313,981	30,691
Cash at end of year	\$ 477,963	\$ 313,981
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 50,868	\$ 43,053

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

Good News Outreach, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Good News Outreach, Inc., a nonprofit corporation, is a private sector, volunteer driven, multi-denominational Christian faith-based organization dedicated to relieving physical mental, emotional, and spiritual suffering to those within our surrounding community regardless of their religious beliefs or lack thereof. Good News Outreach, Inc. has a thirty-plus year history in Tallahassee as a non-profit 501(c)(3) Florida corporation. It accomplishes its mission through five programs: Elder Services, Food Ministry, the Mercy House, Maryland Oaks, and Promise Zone.

Good News Outreach, Inc. was originally founded in 1985 to demonstrate the Gospel of Christ in word and action. It serves as a social service agency providing for the material, emotional, and spiritual needs of individuals, families, and children in the North Florida area. It operates a ministry to elders and those in need of food, a prison ministry, and two homes for men recently released from prison. It also operates modular home units that provide low income housing for single women and men with children and families who are in danger of being homeless. Good News Outreach, Inc. is supported primarily through rental income, in-kind contributions, and donor contributions and grants from the Florida Department of Corrections (DOC), the Beatitude Foundation, and Community Human Service Partnership (CHSP).

Good News Outreach, Inc. is the sole member of the limited liability corporation, GNO Fourth Avenue, LLC. GNO Fourth Avenue, LLC was established as a 501(c)(3) organization in May 2021. Good News Outreach, Inc. and Subsidiary are referred to as “the Company” throughout these consolidated financial statements. GNO Fourth Avenue was created to engage in any lawful business in which a limited liability company may engage in furtherance of the exempt purposes of its member, Good News Outreach, Inc.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

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

Good News Outreach, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Company's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Principles of Consolidation

The consolidated financial statements include the accounts of Good News Outreach, Inc. and GNO Fourth Avenue, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash

Cash consists of demand deposits with financial institutions including credit unions. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) while deposits with credit unions are insured by the National Credit Union Company (NCUA). Both the FDIC and NCUA are insured up to \$250,000 per depositor. Deposits at times may exceed federally or nationally insured limits. The Company has not experienced any losses in such accounts.

Grants and Other Receivables

Grants and other receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Company provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Company's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Allowance for doubtful accounts was \$33,057 and \$30,593 as of December 31, 2021 and 2020, respectively.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation and amortization are computed using the straight-line method.

Good News Outreach, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Issuance Costs

Fees and costs incurred to obtain long-term financing have been deferred and are being amortized in the statements of functional expenses over the life of the related long-term debt on the straight-line method which approximates the effective interest method. Unamortized debt issuance costs are expensed when the associated debt is refinanced or repaid before maturity. Costs incurred in seeking debt, which do not close, are expensed in the period in which it is determined that the financing will not close. Unamortized costs are included in long-term debt. Unamortized debt issuance costs totaled \$10,399 and \$12,802 at December 31, 2021 and 2020, respectively. See Note 6 for relevant disclosure.

Accrued Leave Policy

The Company's policy is to pay employees for up to 200 hours of accrued leave upon termination. At December 31, 2021 and 2020, the Company had paid time off accrued of \$16,966 and \$11,810, respectively, which is included in accrued expenses on the statements of financial position.

Net Assets

The Company reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Company, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Good News Outreach, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Rental income and special events are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments, property, and other noncash donations are recorded as contributions at their fair values at the date of donation.

The Company received donated food and supplies for the Food Ministry program with an estimated value of \$407,614 and \$391,270 for the years ended December 31, 2021 and 2020, respectively. The Company also received donated food and supplies for the Elder Services program with an estimated value of \$50,926 and \$22,578 for the years ended December 31, 2021 and 2020, respectively. The Company also received a donated vehicle with an estimated value of \$1,500 for the year ended December 31, 2021.

During the year ended December 31, 2021, the Company contracted to purchase real property for \$43,000. The difference between the contracted purchase price and the estimated fair market value was recognized as an in-kind contribution. The real property in-kind contribution for the year ended December 31, 2021 totaled \$682,920.

These donations met the criteria for recognition in accordance with accounting principles generally accepted in the United States of America, and are therefore reflected in the accompanying statements of activities.

Donated Services

A significant portion of the Company's functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying consolidated financial statements. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Company.

Good News Outreach, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services (Continued)

The Company received professional accounting services totaling \$-0- and \$10,556 for the years ended December 31, 2021 and 2020, respectively. These services met the criteria for recognition in accordance with accounting principles generally accepted in the United States of America. These services are recorded as offsetting revenue and expenses within the accompanying statements of activities.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries and grants are allocated based on time and effort by individual. Other expenses, such as office supplies, are allocated on a direct method for expenses directly related to the program.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Company is exempt from taxes on income other than unrelated business income. Income from certain activities not directly related to their tax exempt purposes is subject to taxation as unrelated business income.

The Company utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2021 and 2020, the Company has no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements.

Interest Expense

Interest expense is expensed as incurred.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Good News Outreach, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, September 23, 2022. See Note 13 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Company maintains its financial assets primarily in cash to provide liquidity to ensure funds are available as the Company's expenditures come due. The following reflects the Company's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	2021	2020
Total assets at year end	\$ 2,939,640	\$ 2,091,826
Less non-financial assets		
Other assets	(1,749)	-
Property and equipment, net	(2,410,094)	(1,733,336)
Security deposits	(2,445)	(2,445)
Financial assets, at year end	525,352	356,045
Less assets not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Rental security deposits received	(28,377)	(24,075)
Restricted by donor with time or purpose restrictions	(109,000)	(93,000)
Financial assets available to meet cash needs for general expenditure within one year	\$ 387,975	\$ 238,970

The Company is principally supported by rental income, direct public support, and in-kind contributions. In the event of financial distress or an immediate liquidity need resulting from events outside the typical course of business, the Company could draw upon a \$25,000 line of credit.

**Good News Outreach, Inc. and Subsidiary
Notes to Consolidated Financial Statements**

Note 4: RENT RECEIVABLE

Rent receivable consists of the following:

<i>December 31,</i>	2021	2020
Rent receivable	\$ 52,489	\$ 50,534
Less allowance for doubtful accounts	(33,057)	(30,593)
Rent receivable - net	\$ 19,432	\$ 19,941

Bad debt expense totaled \$38,778 and \$36,723 for the years ended December 31, 2021 and 2020, respectively.

Note 5: PROPERTY AND EQUIPMENT - NET

Property and equipment – net consists of the following:

<i>December 31,</i>	Estimated Useful Lives (in years)	2021	2020
Land improvements	5 - 20	\$ 982,612	\$ 969,448
Modular homes	20 - 25	953,169	953,169
Buildings and improvements	5 - 40	782,959	111,523
Modular home improvements	5 - 25	341,406	324,632
Furniture and equipment	5 - 10	57,761	56,261
Computers	3 - 5	7,697	7,697
Signs	10	313	313
Less accumulated depreciation and amortization		(1,755,282)	(1,645,166)
Land (non-depreciable)		1,039,459	955,459
Total property and equipment - net		\$ 2,410,094	\$ 1,733,336

Depreciation and amortization expense totaled \$110,116 and \$96,626 for the years ended December 31, 2021 and 2020, respectively.

Good News Outreach, Inc. and Subsidiary
Notes to Consolidated Financial Statements

Note 6: LONG-TERM DEBT

Long-term debt consists of the following:

<i>December 31,</i>	2021	2020
Mortgage payable to a financial institution; interest at 6% per year; monthly payments of \$1,997 including principal and interest; collateralized by real property with net book value of \$38,438; remaining principal balance was originally due December 7, 2021; however, debt was refinanced in January 2022.	\$ 124,114	\$ 128,261
Mortgage payable to a financial institution; interest at 5.378% per year; monthly payment of \$8,792; collateralized by real property with net book value of \$1,692,242; remaining principal balance is due April 15, 2030. Interest rates are subject to escalation beginning March 31, 2020 and every twelve months thereafter, not to exceed a maximum interest rate of 6.25% annually between March 31, 2020 and March 31, 2022, and 11.379% thereafter.	652,732	711,495
Mortgage payable to a financial institution; interest at 5% per year; monthly payments of \$2,382 including principal and interest; collateralized by real property with net book value of \$1,692,242; remaining principal balance is due April 12, 2025.	133,357	153,268
SBA EIDL loan payable to a financial institution; interest at 2.75% per year; monthly payments of \$1,329 including principal and interest commencing June 7, 2022 and maturing on June 7, 2050.	299,900	149,900
Long-term debt	1,210,103	1,142,924
Less current portion	45,030	209,379
Less debt issuance costs, net	10,399	12,802
Long-term debt, less current portion	\$ 1,154,674	\$ 920,743

Interest expense related to debt agreements was \$60,614 and \$45,456 for the years ended December 31, 2021 and 2020, respectively.

Good News Outreach, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 6: LONG-TERM DEBT (Continued)

Principal maturities for each of the next five years and thereafter follow:

<i>For the years ending December 31,</i>	Amount
2022	\$ 45,030
2023	55,507
2024	57,463
2025	59,666
2026	61,863
Thereafter	930,574
Total	\$ 1,210,103

At December 31, 2021 and 2020, net debt issuance costs to secure debt totaled \$10,399 and \$12,802, respectively. Amortization of debt issuance costs totaled \$2,403 for each of the years ended December 31, 2021 and 2020, respectively. The carrying amount of debt issuance costs is applied against the balance of the loan.

Note 7: NET ASSETS

Net assets with donor restrictions is primarily comprised of the amount due on grant commitments from Community Human Service Partnership (CHSP) with purpose restrictions to each program. Donor restricted net assets of \$49,000 relate to a purpose restricted contribution to establish a women's re-entry program, donor restricted net assets of \$25,000 relate to remodel and upgrades at the Fourth Avenue property, donor restricted net assets of \$25,000 relate to funding and underwriting the women's re-entry program, and donor restricted net assets of \$10,000 relate to the cost of technology to assess and improve services to women and expand the Company's donor base.

Note 8: REVENUE

The Company's revenues are primarily from in-kind contributions, direct public support, and grants. The Company's revenue from contracts with customers primarily relates to rental agreements. Rental income is recognized over the lease period. Revenue from special events is recognized at the point when the event occurs.

Good News Outreach, Inc. and Subsidiary
Notes to Consolidated Financial Statements

Note 8: REVENUE (Continued)

A summary of disaggregated revenue information follows:

<i>For the years ended December 31,</i>	2021	2020
Contracts with customers		
Recognized over time		
Rental income	\$ 443,921	\$ 379,702
Recognized at a point of time		
Special events	29,673	18,430
Other revenue and support		
In-kind contributions	1,142,960	424,404
Direct public support	231,613	320,385
Foundation programs	80,000	100,000
Grant revenue	113,175	52,357
Gain on disposal of assets	-	44,077
Forgiveness of PPP loan	-	28,840
Other income	30,849	27,378
Total revenue	\$ 2,072,191	\$ 1,395,573

Contract balances for contracts with customers include the following:

	2021	2020
Contract assets		
Rent receivable, beginning of year	\$ 19,941	\$ 3,846
Rent receivable, end of year	\$ 19,432	\$ 19,941

Note 9: CONCENTRATIONS OF CREDIT RISK

The Company maintains cash with a financial institution in excess of the National Credit Union Administration (NCUA) limit of \$250,000 by \$230,356 and \$68,700 at December 31, 2021 and 2020, respectively.

Good News Outreach, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 10: COMMITMENTS

The Company leases office space under an operating lease. Minimum future lease payments required under the term of the lease are as follows:

<i>For the year ending December 31,</i>	Amount
2022	\$ 22,000
Total operating leases	\$ 22,000

Rent expense for the years ended December 31, 2021 and 2020 was \$27,400 and \$24,000, respectively.

Note 11: PAYCHECK PROTECTION PROGRAM

The Company originally entered into an EIDL loan for \$150,000 in June 2020. In August 2021, the Company modified its EIDL loan to increase the loan amount to \$300,000. The monthly payments for the loan increased from \$641 to \$1,329. Annual interest rate for the loan is 2.75% and matures in June 2050. Monthly payments have been deferred to January 2023.

Note 12: PRIOR PERIOD ADJUSTMENT

The accompanying consolidated financial statements for 2020 have been restated to correct the receivable balance related to the CHSP grant. The effect of the restatement was a decrease to the grants and other receivables by \$89,705, a decrease in grant revenue by \$89,705, and a decrease to net assets with donor restrictions by \$89,705.

Note 13: SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the Company refinanced its loans with a financial institution. Three existing loans were refinanced into one loan with a principal balance of \$918,000 and an annual interest rate of 3.75%. The bi-weekly payment amount is \$3,334. The loan originated in January 2022 and will mature in January 2037.