

CENTURION MINISTRIES, INC.

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

DECEMBER 31, 2020

CENTURION MINISTRIES, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Centurion Ministries, Inc.
Princeton, New Jersey

We have audited the accompanying financial statements of Centurion Ministries, Inc. which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 of our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Centurion Ministries, Inc. as of December 31, 2020, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Centurion Ministries, Inc. 2019 financial statements and our report dated September 10, 2020, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
September 13, 2021

CENTURION MINISTRIES, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 468,020	\$ 428,163
Investments, at fair market value <i>(Note 2)</i>	1,922,039	1,870,695
Contributions receivable <i>(Note 7)</i>	165,000	-
Other assets	20,992	20,527
Office furniture and equipment (net of accumulated depreciation – \$150,704 in 2020 and \$143,870 in 2019)	<u>16,683</u>	<u>12,555</u>
Total assets	<u><u>\$2,592,734</u></u>	<u><u>\$2,331,940</u></u>
LIABILITIES		
Accrued expenses	<u>\$ 21,434</u>	<u>\$ 43,940</u>
Total liabilities	<u>21,434</u>	<u>43,940</u>
NET ASSETS		
Without Donor Restrictions		
Operating	2,571,300	1,907,516
Board designated – funds functioning as endowment funds <i>(Note 3)</i>	<u>-</u>	<u>380,484</u>
Total net assets	<u><u>2,571,300</u></u>	<u><u>2,288,000</u></u>
Total liabilities and net assets	<u><u>\$2,592,734</u></u>	<u><u>\$2,331,940</u></u>

CENTURION MINISTRIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
INCOME		
Contributions	\$ 1,636,194	\$ 1,001,180
Government grant <i>(Note 9)</i>	194,372	-
Special events	92,550	344,109
Investment income (net of fees of \$8,908 in 2020 and \$7,482 in 2019)	26,734	45,841
Realized and unrealized gains	<u>109,608</u>	<u>109,455</u>
Total income	<u>2,059,458</u>	<u>1,500,585</u>
EXPENSES		
Program	1,426,499	1,523,218
General administration	180,405	170,420
Fund-raising	<u>169,254</u>	<u>253,380</u>
Total expenses	<u>1,776,158</u>	<u>1,947,018</u>
Change in net assets	283,300	(446,433)
NET ASSETS		
Beginning of year	<u>2,288,000</u>	<u>2,734,433</u>
End of year	<u>\$ 2,571,300</u>	<u>\$ 2,288,000</u>

CENTURION MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020 With Summarized Information For 2019

	<u>Program</u>	<u>General Administration</u>	<u>Fund- Raising</u>	<u>Totals</u>	
				<u>2020</u>	<u>2019</u>
Direct program services and professional fees	\$ 136,685	\$ -	\$ -	\$ 136,685	\$ 197,236
Salaries and benefits	930,322	118,001	147,197	1,195,520	1,116,592
Travel	33,414	-	-	33,414	78,364
Occupancy and utilities	142,469	7,914	7,915	158,298	148,456
Telephone	18,503	1,028	1,028	20,559	14,884
Postage	8,789	488	488	9,765	7,034
Printing	2,624	146	146	2,916	9,072
Office and supplies	102,496	36,606	7,321	146,423	125,034
Special events	974	139	1,669	2,782	170,136
Depreciation	6,150	342	342	6,834	5,175
Other	<u>44,073</u>	<u>15,741</u>	<u>3,148</u>	<u>62,962</u>	<u>75,035</u>
Totals	<u>\$1,426,499</u>	<u>\$ 180,405</u>	<u>\$169,254</u>	<u>\$ 1,776,158</u>	<u>\$ 1,947,018</u>

CENTURION MINISTRIES, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
INCREASE IN CASH AND CASH EQUIVALENTS		
<i>Cash flows from operating activities</i>		
Cash received from contributors	\$ 1,563,535	\$ 1,345,286
Interest and dividends received, net of fees	26,734	45,841
Cash paid to employees and suppliers	<u>(1,792,295)</u>	<u>(1,920,793)</u>
Net cash used for operating activities	<u>(202,026)</u>	<u>(529,666)</u>
<i>Cash flows from investing activities</i>		
Purchase of fixed assets	(10,962)	(10,262)
Purchase of investments	(1,227,286)	(2,456,752)
Proceeds from sale of investments	<u>1,285,759</u>	<u>3,009,159</u>
Net cash provided by investing activities	<u>47,511</u>	<u>542,145</u>
<i>Cash flows from financing activities</i>		
Proceeds from PPP loan	<u>194,372</u>	<u>-</u>
Net cash provided by financing activities	<u>194,372</u>	<u>-</u>
Net increase in cash and cash equivalents	39,857	12,479
<i>Cash</i>		
Beginning of year	<u>428,163</u>	<u>415,684</u>
End of year	<u>\$ 468,020</u>	<u>\$ 428,163</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED FOR OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 283,300	\$ (446,433)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	6,834	5,175
Realized and unrealized gains	(109,608)	(109,455)
Stock contributions	(209)	(3)
PPP Loan forgiveness	(194,372)	-
Change in:		
Contributions receivable	(165,000)	-
Other assets	(465)	23
Accrued expenses	<u>(22,506)</u>	<u>21,027</u>
Net cash used for operating activities	<u>\$ (202,026)</u>	<u>\$ (529,666)</u>

CENTURION MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 And 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

Centurion Ministries, Inc. (“*Centurion*”) was created to free and vindicate from prison those who are completely innocent of crimes for which they have been wrongly convicted and imprisoned for life.

Centurion is an organization which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management has reviewed the tax positions for each of the open tax years (2017 – 2019) or expected to be taken in Centurion’s 2020 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

BASIS OF PRESENTATION

Under generally accepted accounting principles (GAAP) for not-for-profit organizations, Centurion is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions

Centurion reports assets whose use is not restricted by donors as net assets without donor restrictions.

Net Assets With Donor Restrictions

Centurion reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets or are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and the income only be utilized for purposes specified by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reported in the statement of activities and changes in net assets as net assets released from restrictions.

Centurion has no net assets with donor restrictions as of December 31, 2020 and 2019.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

Centurion occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“*ASC*”) 825, “*Financial Instruments*”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

INVESTMENTS

Investments are carried at fair market value. Gain or loss on sale of investments is determined on the basis of average cost. Dividend and interest income is recorded as earned.

CENTURION MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

OFFICE FURNITURE AND EQUIPMENT

Office furniture and equipment are recorded at cost. Depreciation is provided on the modified accelerated cost recovery system and straight line basis over the estimated useful lives of the assets which are 7 years and 10 years for furniture and 5 years and 3 years for equipment.

CONTRIBUTIONS

Contributions including cash, securities and unconditional promises to give are recognized as revenue at fair value when received or pledged. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Unless its use is limited by time or donor-imposed restriction, contribution revenue is recorded as increases in net assets without donor restrictions

FUNCTIONAL ALLOCATION OF EXPENSES

The expenses for staff personnel, facilities and related costs incurred in the operations for Centurion are allocated to program, general administration, and fund-raising activities based on the level of effort in the respective categories.

PRIOR YEAR INFORMATION

The 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Centurion’s audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 31, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. Centurion plans to adopt the new ASU at the required implementation date.

(2) INVESTMENTS

Investments at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificates of Deposit	\$ 845,000	\$ 855,188	\$ 1,142,000	\$ 1,145,516
Common Stock	257,977	414,747	242,746	368,166
Exchange-Traded and Closed-End Funds	218,209	303,327	214,788	260,827
Corporate Bonds	287,493	288,941	-	-
Money Market Funds	15,039	15,039	18,200	18,200
Mutual Funds – Fixed Income	<u>48,117</u>	<u>44,797</u>	<u>81,427</u>	<u>77,986</u>
	<u>\$ 1,671,835</u>	<u>\$ 1,922,039</u>	<u>\$ 1,699,161</u>	<u>\$ 1,870,695</u>

CENTURION MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

At December 31, 2020 and 2019, the portfolio of marketable securities had unrealized gains of \$250,204 and \$171,534, respectively.

Centurion utilizes various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The input methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value Centurion's assets that are carried at fair market value as of December 31, 2020 and 2019 is as follows:

<u>Investments</u>	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange-Traded and Closed-End Funds	\$ 303,327	\$ -	\$ -	\$ 303,327
Money Market Funds	15,039	-	-	15,039
Common Stock	414,747	-	-	414,747
Corporate Bonds	-	288,941	-	288,941
Mutual Funds – Fixed Income	44,797	-	-	44,797
Certificates of Deposit	-	855,188	-	855,188
	<u>\$ 777,910</u>	<u>\$ 1,144,129</u>	<u>\$ -</u>	<u>\$ 1,922,039</u>

<u>Investments</u>	<u>2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange-Traded and Closed-End Funds	\$ 260,827	\$ -	\$ -	\$ 260,827
Money Market Funds	18,200	-	-	18,200
Common Stock	368,166	-	-	368,166
Mutual Funds – Fixed Income	77,986	-	-	77,986
Certificates of Deposit	-	1,145,516	-	1,145,516
	<u>\$ 725,179</u>	<u>\$ 1,145,516</u>	<u>\$ -</u>	<u>\$ 1,870,695</u>

CENTURION MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

(3) FUNDS FUNCTIONING AS ENDOWMENT FUNDS

During 2001, the Board of Directors designated \$100,000 of operating funds as ***“Board Designated Funds Functioning as Endowment Funds.”*** Although designated as Endowment Funds, these funds were unrestricted as defined by the accounting standards. The amount was invested in Common Stock and Money Market Funds. During 2020, the Board of Directors approved removing the designation of these funds as Funds Functioning as Endowment Funds and these funds are now part of operating net assets without donor restrictions. The market value of the Endowment Funds as of December 31, 2019 was \$380,484.

(4) LEASE COMMITMENTS

In October 2019, Centurion executed an extension to its office lease to commence upon expiration of the original lease and continuing until July 2025. The original lease expired after August 2020. Monthly lease payments including utilities, range from approximately \$13,900 to \$14,300 over the life of the lease. Rental expense for the years ended December 31, 2020 and 2019 was approximately \$127,200 and \$119,200, respectively.

Centurion rents additional storage units on a month-to-month basis. Rental expense was approximately \$19,400 and \$18,000 for the years ended December 31, 2020 and 2019, respectively.

Centurion leases various office equipment under non-cancelable leases expiring in 2023. Lease expense for the years ended December 31, 2020 and 2019 was approximately \$1,200.

Minimum lease payments under the operating leases are as follows:

	<u>Office Equipment</u>	<u>Office Facility</u>	<u>Total</u>
2021	\$ 1,200	\$ 166,500	\$ 167,700
2022	1,200	167,400	168,600
2023	700	168,800	169,500
2024	-	169,800	169,800
2025	<u>-</u>	<u>99,800</u>	<u>99,800</u>
	<u>\$ 3,100</u>	<u>\$ 772,300</u>	<u>\$ 775,400</u>

(5) VOLUNTARY AND DONATED SERVICES

Centurion relies on a group of approximately 30 volunteers to assist with furthering the mission of the organization. The value of these non-paid workers is not reflected in the financial statements. Some legal services have been provided to Centurion in 2020 and 2019 for amounts (fees) that are significantly less than fair value. The value of these unbilled services is not susceptible to objective measurement or valuation and, therefore, is not reflected in the financial statements.

CENTURION MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

(6) PENSION PLAN

Centurion sponsors a simple IRA pension plan. Centurion matches eligible employee contributions up to 3%. Pension expense for the years ended December 31, 2020 and 2019 was approximately \$20,100 and \$16,500, respectively.

(7) CONTRIBUTIONS RECEIVABLE

Centurion had contributions receivable of \$165,000 as of December 31, 2020, including \$150,000 from a large bequest where Centurion was named as a beneficiary in the related estate. There were no such receivables as of December 31, 2019.

(8) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects Centurion’s financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal Board designations:

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash	\$ 468,020	\$ 428,163
Investments	<u>1,922,039</u>	<u>1,870,695</u>
Total financial assets	2,390,059	2,298,858
Less:		
Board Designated Endowment Funds	<u>-</u>	<u>(380,484)</u>
Financial assets available to meet current obligations	<u>\$ 2,390,059</u>	<u>\$ 1,918,374</u>

As part of Centurion’s liquidity-management plan, it structures its financial assets to be available as its obligations come due. In 2019, Centurion had Board Designated Endowment Funds in the amount noted above, which could have been made available, if necessary with Board approval.

(9) COVID-19 AND PAYCHECK PROTECTION PROGRAM

In December 2019, a novel strain of the coronavirus (“COVID-19”) was reported in China. The World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern”. This outbreak has affected virtually every industry and has created volatility in the stock markets throughout the world. Many federal and state governments have implemented numerous restrictions, mandated various closures and quarantine requirements in connection with the COVID-19 outbreak. The extent of the impact of COVID-19 on Centurion’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on Centurion’s funders, donors, employees and vendors, all of which are uncertain and cannot be predicted.

CENTURION MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

On April 26, 2020, Centurion received a \$194,372 loan under the Small Business Administration's ("SBA") Paycheck Protection Program (the "PPP Loan"). The PPP loan is designed to provide a direct incentive for small businesses to keep their workers on the payroll. The SBA will forgive loans if all employees are kept on the payroll for a specific period of time and the money is used for certain allowable costs. Any amounts not forgiven at the end of the program period convert into a loan with 1% interest, payable over 24 months. The AICPA released guidance on recording options and Centurion has decided to record these funds under the government grant model (FASB ASC 958-605). The cash received under the PPP loan program is recorded as a liability until the conditions are substantially met. When Centurion has substantially met the conditions of the program and qualifying expenses are incurred, the cancellation of the liability is recorded as revenue. During the year ended December 31, 2020, Centurion incurred eligible expenditures in excess of the PPP Loan, and as a result, recognized \$194,372 as government grant revenue. On December 18, 2020, Centurion was granted forgiveness by the SBA for the full amount of the PPP Loan.

(10) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance September 13, 2021 have been evaluated in the preparation of the financial statements and management has determined that there are no subsequent events that would require disclosure or adjustment in the financial statements.