

# **CENTURION MINISTRIES, INC.**

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

**DECEMBER 31, 2021**

# CENTURION MINISTRIES, INC.

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of Centurion Ministries, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, 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 financial statements.

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, 2021, and the changes in its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Centurion Ministries, Inc. 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 Centurion's ability to continue as a going concern within 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 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, including omissions, 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.

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

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 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 Centurion'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 Centurion'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 Centurion Ministries, Inc. 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated September 13, 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.

**Philadelphia, Pennsylvania  
September \_\_, 2022**

*Tait, Weller & Baker LLP*

# CENTURION MINISTRIES, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 412,107	\$ 468,020
Investments, at fair market value <i>(Note 2)</i>	2,395,645	1,922,039
Contributions receivable <i>(Note 6)</i>	52,759	165,000
Other assets	41,227	20,992
Office furniture and equipment (net of accumulated depreciation – \$157,271 in 2021 and \$150,704 in 2020)	<u>14,025</u>	<u>16,683</u>
<b>Total assets</b>	<u>\$2,915,763</u>	<u>\$2,592,734</u>
<b>LIABILITIES</b>		
Accrued expenses	<u>\$ 23,529</u>	<u>\$ 21,434</u>
<b>Total liabilities</b>	<u>23,529</u>	<u>21,434</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	<u>2,892,234</u>	<u>2,571,300</u>
<b>Total net assets</b>	<u>2,892,234</u>	<u>2,571,300</u>
<b>Total liabilities and net assets</b>	<u>\$2,915,763</u>	<u>\$2,592,734</u>

# CENTURION MINISTRIES, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<b>INCOME</b>		
Contributions	\$ 1,980,732	\$ 1,636,194
Government grant <i>(Note 8)</i>	-	194,372
Special events	21,044	92,550
Investment income (net of fees of \$10,335 in 2021 and \$8,908 in 2020)	42,464	26,734
Realized and unrealized gains	<u>126,960</u>	<u>109,608</u>
<b>Total income</b>	<u>2,171,200</u>	<u>2,059,458</u>
<b>EXPENSES</b>		
Program	1,488,720	1,426,499
General administration	184,786	180,405
Fund-raising	<u>176,760</u>	<u>169,254</u>
<b>Total expenses</b>	<u>1,850,266</u>	<u>1,776,158</u>
<b>Change in net assets</b>	320,934	283,300
<b>NET ASSETS</b>		
Beginning of year	<u>2,571,300</u>	<u>2,288,000</u>
<b>End of year</b>	<u>\$ 2,892,234</u>	<u>\$ 2,571,300</u>

# CENTURION MINISTRIES, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021 With Summarized Information For 2020

	<u>Program</u>	<u>General Administration</u>	<u>Fund- Raising</u>	<u>Totals</u>	
				<u>2021</u>	<u>2020</u>
Direct program services and professional fees	\$ 170,438	\$ -	\$ -	\$ 170,438	\$ 136,685
Salaries and benefits	992,850	130,164	157,715	1,280,729	1,195,520
Travel	18,204	-	-	18,204	33,414
Occupancy and utilities	154,077	8,559	8,560	171,196	158,298
Telephone	13,366	743	743	14,852	20,559
Postage	7,871	437	437	8,745	9,765
Printing	1,482	82	82	1,646	2,916
Office and supplies	89,122	31,829	6,366	127,317	146,423
Special events	-	-	-	-	2,782
Depreciation	5,911	328	328	6,567	6,834
Other	<u>35,399</u>	<u>12,644</u>	<u>2,529</u>	<u>50,572</u>	<u>62,962</u>
<b>Totals</b>	<u>\$ 1,488,720</u>	<u>\$ 184,786</u>	<u>\$ 176,760</u>	<u>\$ 1,850,266</u>	<u>\$ 1,776,158</u>

# CENTURION MINISTRIES, INC.

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		
<i>Cash flows from operating activities</i>		
Cash received from contributors	\$ 2,034,051	\$ 1,563,535
Interest and dividends received, net of fees	42,464	26,734
Cash paid to employees and suppliers	<u>(1,861,839)</u>	<u>(1,792,295)</u>
Net cash provided by (used for) operating activities	<u>214,676</u>	<u>(202,026)</u>
<i>Cash flows from investing activities</i>		
Purchase of fixed assets	(3,909)	(10,962)
Purchase of investments	(1,902,772)	(1,227,286)
Proceeds from sale of investments	<u>1,636,092</u>	<u>1,285,759</u>
Net cash (used for) provided by investing activities	<u>(270,589)</u>	<u>47,511</u>
<i>Cash flows from financing activities</i>		
Proceeds from PPP loan	<u>-</u>	<u>194,372</u>
Net cash provided by financing activities	<u>-</u>	<u>194,372</u>
Net (decrease) increase in cash and cash equivalents	(55,913)	39,857
<i>Cash</i>		
Beginning of year	<u>468,020</u>	<u>428,163</u>
End of year	<u>\$ 412,107</u>	<u>\$ 468,020</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED FOR OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 320,934	\$ 283,300
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	6,567	6,834
Realized and unrealized gains	(126,960)	(109,608)
Stock contributions	(79,966)	(209)
PPP Loan forgiveness	-	(194,372)
Change in:		
Contributions receivable	112,241	(165,000)
Other assets	(20,235)	(465)
Accrued expenses	<u>2,095</u>	<u>(22,506)</u>
Net cash provided by (used) for operating activities	<u>\$ 214,676</u>	<u>\$ (202,026)</u>



# CENTURION MINISTRIES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021 And 2020

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### (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 (2018 – 2020) or expected to be taken in Centurion's 2021 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, 2021 and 2020.

#### **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.

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# CENTURION MINISTRIES, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

### 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, 2020, 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, 2021 and 2020 consisted of the following:

	2021		2020	
	Cost	Market	Cost	Market
Certificates of Deposit	\$ 51,000	\$ 51,049	\$ 845,000	\$ 855,188
Common Stock	573,674	729,288	257,977	414,747
Preferred Stock	104,510	102,599	-	-
Exchange-Traded and Closed-End Funds	148,047	204,550	218,209	303,327
Corporate Bonds	932,579	934,003	287,493	288,941
Money Market Funds	229,261	229,261	15,039	15,039
Mutual Funds – Fixed Income	148,983	144,895	48,117	44,797
	<u>\$2,188,054</u>	<u>\$2,395,645</u>	<u>\$1,671,835</u>	<u>\$1,922,039</u>

# CENTURION MINISTRIES, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

### December 31, 2021 And 2020

At December 31, 2021 and 2020, the portfolio of marketable securities had unrealized gains of \$207,591 and \$250,204, 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, 2021 and 2020 is as follows:

<u>Investments</u>	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange-Traded and Closed-End Funds	\$ 204,550	\$ -	\$ -	\$ 204,550
Money Market Funds	229,261	-	-	229,261
Common Stock	729,288	-	-	729,288
Preferred Stock	102,599	-	-	102,599
Corporate Bonds	-	934,003	-	934,003
Mutual Funds – Fixed Income	144,895	-	-	144,895
Certificates of Deposit	-	51,049	-	51,049
	<u>\$ 1,410,593</u>	<u>\$ 985,052</u>	<u>\$ -</u>	<u>\$ 2,395,645</u>

<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>

# CENTURION MINISTRIES, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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### (3) 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, 2021 and 2020 was approximately \$137,100 and \$127,200, respectively.

Centurion rents additional storage units on a month-to-month basis. Rental expense was approximately \$20,300 and \$19,400 for the years ended December 31, 2021 and 2020, respectively.

Centurion leases various office equipment under non-cancelable leases expiring in 2023. Lease expense for the years ended December 31, 2021 and 2020 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>
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>\$1,900</u>	<u>\$ 605,800</u>	<u>\$ 607,700</u>

### (4) 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 2021 and 2020 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.

### (5) 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, 2021 and 2020 was approximately \$17,300 and \$20,100, respectively.

### (6) CONTRIBUTIONS RECEIVABLE

Centurion had contributions receivable of \$52,759 and \$165,000 as of December 31, 2021 and 2020, respectively. As of December 31, 2020, contributions receivable included \$150,000 from a large bequest where Centurion was named as a beneficiary in the related estate. All contributions receivable are due within one year.

# CENTURION MINISTRIES, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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### (7) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects Centurion's financial assets as of December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial Assets		
Cash	\$ 412,107	\$ 468,020
Investments	<u>2,395,645</u>	<u>1,922,039</u>
Financial assets available to meet current obligations	<u>\$ 2,807,752</u>	<u>\$ 2,390,059</u>

As part of Centurion's liquidity-management plan, it structures its financial assets to be available as its obligations come due.

### (8) COVID-19 AND PAYCHECK PROTECTION PROGRAM

The COVID-19 pandemic has resulted in significant economic disruption affecting the overall economy. As vaccination efforts continue, restrictions on businesses have been lifted and a return to more normal economic activity has begun. However, a significant degree of uncertainty still exists concerning the ultimate duration and magnitude of the COVID-19 pandemic and subsequent outbreaks, including whether restrictions that have been lifted will need to be imposed again or tightened in the future. Given the ongoing and dynamic nature of the circumstances, it is still difficult to predict the full impact of the COVID-19 pandemic on Centurion.

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 was designed to provide a direct incentive for small businesses to keep their workers on the payroll. The SBA would forgive loans if all employees were kept on the payroll for a specific period of time and the money was 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 was recorded as a liability until the conditions were substantially met. When Centurion had substantially met the conditions of the program and qualifying expenses were incurred, the cancellation of the liability was 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.

### (9) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance September \_\_, 2022 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.