

CENTURION MINISTRIES, INC.

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

DECEMBER 31, 2022

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. (Centurion) (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2022, 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 as of December 31, 2022, 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 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.

**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's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Philadelphia, Pennsylvania
September 18, 2023**

Tait, Weller & Baker LLP

CENTURION MINISTRIES, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 419,580	\$ 412,107
Investments, at fair market value <i>(Note 2)</i>	1,721,411	2,395,645
Contributions receivable <i>(Note 4)</i>	1,481,467	52,759
Right-of-use asset <i>(Note 7)</i>	429,694	-
Other assets	43,323	41,227
Office furniture and equipment (net of accumulated depreciation – \$163,808 in 2022 and \$157,271 in 2021)	<u>15,370</u>	<u>14,025</u>
Total assets	<u>\$4,110,845</u>	<u>\$2,915,763</u>
LIABILITIES		
Accrued expenses	\$ 22,804	\$ 23,529
Operating lease liability <i>(Note 7)</i>	<u>431,331</u>	<u>-</u>
Total liabilities	<u>454,135</u>	<u>23,529</u>
NET ASSETS		
Without donor restrictions	\$2,699,283	\$2,892,234
With donor restrictions <i>(Note 6)</i>	<u>957,427</u>	<u>-</u>
Total net assets	<u>3,656,710</u>	<u>2,892,234</u>
Total liabilities and net assets	<u>\$4,110,845</u>	<u>\$2,915,763</u>

CENTURION MINISTRIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2022 And 2021

	2022		2021
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
INCOME			
Contributions	\$ 2,027,191	\$ 957,427	\$ 2,984,618
Special events	116,363	-	116,363
Investment income (net of fees of \$12,828 in 2022 and \$10,335 in 2021)	50,561	-	50,561
Realized and unrealized gains (losses)	<u>(340,206)</u>	<u>-</u>	<u>(340,206)</u>
Total income	<u>1,853,909</u>	<u>957,427</u>	<u>2,811,336</u>
EXPENSES			
Program	1,651,092	-	1,651,092
General administration	166,680	-	166,680
Fund-raising	<u>229,088</u>	<u>-</u>	<u>229,088</u>
Total expenses	<u>2,046,860</u>	<u>-</u>	<u>2,046,860</u>
Change in net assets	(192,951)	957,427	764,476
NET ASSETS			
Beginning of year	<u>2,892,234</u>	<u>-</u>	<u>2,892,234</u>
End of year	<u>\$ 2,699,283</u>	<u>\$ 957,427</u>	<u>\$ 3,656,710</u>

CENTURION MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022 With Summarized Information For 2021

	<u>Program</u>	<u>General Administration</u>	<u>Fund- Raising</u>	<u>Totals</u>	
				<u>2022</u>	<u>2021</u>
Direct program services and professional fees	\$ 87,197	\$ -	\$ -	\$ 87,197	\$ 170,438
Salaries and benefits	1,127,431	106,427	85,234	1,319,092	1,280,729
Travel	53,988	-	-	53,988	18,204
Occupancy and utilities	167,883	9,326	9,326	186,535	171,196
Telephone	12,354	687	687	13,728	14,852
Postage	7,100	394	394	7,888	8,745
Printing	8,150	453	453	9,056	1,646
Office and supplies	72,991	26,069	5,214	104,274	127,317
Special events	72,880	10,411	124,936	208,227	-
Depreciation	5,883	327	327	6,537	6,567
Other	<u>35,235</u>	<u>12,586</u>	<u>2,517</u>	<u>50,338</u>	<u>50,572</u>
Totals	<u>\$1,651,092</u>	<u>\$ 166,680</u>	<u>\$ 229,088</u>	<u>\$ 2,046,860</u>	<u>\$ 1,850,266</u>

CENTURION MINISTRIES, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
INCREASE IN CASH AND CASH EQUIVALENTS		
<i>Cash flows from operating activities</i>		
Cash received from contributors	\$ 1,657,771	\$ 2,034,051
Interest and dividends received, net of fees	50,561	42,464
Cash paid to employees and suppliers	<u>(2,041,507)</u>	<u>(1,861,839)</u>
Net cash (used for) provided by operating activities	<u>(333,175)</u>	<u>214,676</u>
<i>Cash flows from investing activities</i>		
Purchase of fixed assets	(7,882)	(3,909)
Purchase of investments	(1,156,551)	(1,902,772)
Proceeds from sale of investments	<u>1,505,081</u>	<u>1,636,092</u>
Net cash provided by (used for) investing activities	<u>340,648</u>	<u>(270,589)</u>
Net increase (decrease) in cash and cash equivalents	7,473	(55,913)
<i>Cash</i>		
Beginning of year	<u>412,107</u>	<u>468,020</u>
End of year	<u>\$ 419,580</u>	<u>\$ 412,107</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED FOR OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 764,476	\$ 320,934
<i>Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities</i>		
Depreciation	6,537	6,567
Realized and unrealized (gains) losses	340,206	(126,960)
Stock contributions	(14,502)	(79,966)
Amortization of right of use asset	162,503	-
Operating lease liability payments	(167,431)	-
Interest on lease liability	6,565	-
Change in:		
Contributions receivable	(1,428,708)	112,241
Other assets	(2,096)	(20,235)
Accrued expenses	<u>(725)</u>	<u>2,095</u>
Net cash (used for) provided by operating activities	<u>\$ (333,175)</u>	<u>\$ 214,676</u>
SUPPLEMENTAL DISCLOSURE		
Right-of-use asset in exchange for new operating lease liability	<u>\$ 592,197</u>	<u>\$ -</u>

CENTURION MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 And 2021

(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 (2019 – 2021) or expected to be taken in Centurion’s 2022 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-imposed stipulations that may or will be met either by actions of Centurion and/or the passage of time, 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. Time restrictions may occur if the gift is restricted for future years or periods, such as pledges. 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.

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, 2022 And 2021

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.

LEASES

Operating leases are included in operating lease right-of-use (“ROU”) assets and ROU lease liabilities in the statement of financial position. Centurion determines whether an agreement is or contains a lease at inception of the lease.

ROU assets represent Centurion’s right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As Centurion’s leases do not provide an implicit interest rate, the incremental borrowing rate based on the information available at commencement date is used in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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, 2021, from which the summarized information was derived.

NEW ACCOUNTING PRONOUNCEMENT 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. Centurion adopted this ASU as of January 1, 2022 and applied the modified transition method for leases existing as of the beginning of the period of adoption. As such, Centurion has not adjusted the statement of financial position for comparative periods; and this ASU did not result in a cumulative effect adjustment to the opening balance of net assets. Centurion has elected to apply the package of practical expedients within ASU 2016-02 such that Centurion did not reassess: (1) if expired or existing contracts are, or contain, leases; (2) lease classification for any expired or existing leases; and (3) initial direct costs for any existing leases. In

CENTURION MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

addition, Centurion has elected, as a practical expedient, not to apply lease recognition requirements to short-term lease arrangements, generally those with a lease term of less than 12-months, for all classes of underlying assets. Refer to Note 7 for additional details.

(2) INVESTMENTS

Investments at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificates of Deposit	\$ -	\$ -	\$ 51,000	\$ 51,049
Common Stock	714,628	699,980	573,674	729,288
Preferred Stock	122,264	99,162	104,510	102,599
Exchange-Traded and Closed-End Funds	187,063	202,973	148,047	204,550
Corporate Bonds	539,802	535,440	932,579	934,003
Money Market Funds	40,049	40,049	229,261	229,261
Mutual Funds – Fixed Income	<u>173,522</u>	<u>143,807</u>	<u>148,983</u>	<u>144,895</u>
	<u>\$1,777,328</u>	<u>\$1,721,411</u>	<u>\$2,188,054</u>	<u>\$2,395,645</u>

At December 31, 2022 and 2021, the portfolio of marketable securities had unrealized gains (losses) of (\$55,917) and \$207,591, 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, 2022 and 2021 is as follows:

CENTURION MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

<u>Investments</u>	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange-Traded and Closed-End Funds	\$ 202,973	\$ -	\$ -	\$ 202,973
Money Market Funds	40,049	-	-	40,049
Common Stock	699,980	-	-	699,980
Preferred Stock	99,162	-	-	99,162
Corporate Bonds	-	535,440	-	535,440
Mutual Funds – Fixed Income	143,807	-	-	143,807
	<u>\$ 1,185,971</u>	<u>\$ 535,440</u>	<u>\$ -</u>	<u>\$ 1,721,411</u>

<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>

(3) 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 2022 and 2021 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.

(4) CONTRIBUTIONS RECEIVABLE

Centurion had contributions receivable of \$1,481,467 and \$52,759 as of December 31, 2022 and 2021, respectively. As of December 31, 2022, contributions receivable included a \$1,500,000 multi-year pledge from a foundation. The present value of the contributions receivable has been recorded in the financial statements.

Unconditional contributions receivable are expected to be realized in the following periods:

	<u>2022</u>	<u>2021</u>
Due within a year	\$ 1,024,040	\$ 52,759
Due between one and five years	<u>500,000</u>	<u>-</u>
	1,524,040	52,759
Less: discount at 4.55%	<u>(42,573)</u>	<u>-</u>
	<u>\$ 1,481,467</u>	<u>\$ 52,759</u>

Subsequent to December 31, 2022, \$1,000,000 of the \$1,500,000 multi-year pledge has been collected by Centurion.

CENTURION MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

(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, 2022 and 2021 was approximately \$22,300 and \$17,300, respectively.

(6) NET ASSETS

Net assets with donor restrictions at December 31, 2022 and 2021 are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Use in future periods – promises to give	\$ <u>957,427</u>	\$ <u>-</u>
	\$ <u>957,427</u>	\$ <u>-</u>

There were no releases of net assets from restrictions for the years ended December 31, 2022 and 2021.

(7) LEASE COMMITMENTS

Centurion has a long-term agreement to lease its office space in Princeton, New Jersey, which is an operating lease. 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 following is quantitative data related to Centurion's operating lease for the year ended December 31, 2022:

Operating Lease Amounts:

Right-of-use asset	\$ 429,694
Lease liability	431,331

Other Information:

Operating outgoing cash flows for operating leases	\$ 167,431
Weighted-average remaining lease term	2.58 years
Weighted average discount rate	1.30%

Lease cost information for the year ended December 31, 2022 is as follows:

Operating lease costs	\$ <u>169,068</u>
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Approximate future minimum rentals under the non-cancelable operating lease are as follows:

	<u>Office Facilities</u>
2023	\$ 168,796
2024	169,771
2025	<u>99,830</u>
Total undiscounted cash flows	438,397
Less: present value adjustment	<u>(7,066)</u>
Operating lease liability	\$ <u>431,331</u>

CENTURION MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

Centurion rents additional storage units on a month-to-month basis. Rental expense was approximately \$21,800 and \$20,300 for the years ended December 31, 2022 and 2021, respectively.

Centurion leases various office equipment under non-cancelable leases expiring in 2023. Lease expense for the years ended December 31, 2022 and 2021 was approximately \$1,200.

(8) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects Centurion's financial assets as of December 31, 2022 and 2021, 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>2022</u>	<u>2021</u>
Financial Assets		
Cash	\$ 419,580	\$ 412,107
Investments	1,721,411	2,395,645
Contributions receivable – due within one year	<u>1,024,040</u>	<u>52,759</u>
Financial assets available to meet current obligations	<u>\$ 3,165,031</u>	<u>\$ 2,860,511</u>

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

(9) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance September 18, 2023 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.