

Barnabas Foundation, Inc.

Independent Auditors' Report and
Financial Statements
Years Ended September 30, 2021 and 2020





Independent Auditors' Report

To the Board of Directors
Barnabas Foundation, Inc.
Springfield, Missouri

We have audited the accompanying financial statements of Barnabas Foundation, Inc., (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and net assets, cash flows, and functional expenses 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.

Auditors' 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 involves 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 for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Barnabas Foundation, Inc., as of September 30, 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.

Report on Summarized Comparative Information

We have previously audited Barnabas Foundation, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
February 24, 2023

Barnabas Foundation, Inc.

Statements of Financial Position

September 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,904,202	\$ 2,859,761
Accounts receivable, net	580,244	261,848
Contributions receivable - current	154,200	-
Inventories	22,213	29,131
Prepaid expenses	908	2,408
Assets available for sale	-	3,639,088
Total current assets	5,661,767	6,792,236
Property and Equipment		
Cost	11,505,216	10,530,437
Less accumulated depreciation	4,537,487	4,226,102
Net property and equipment	6,967,729	6,304,335
Other Assets		
Contributions receivable - long-term	380,773	-
Cash and cash equivalents - restricted	991,312	-
Total other assets	1,372,085	-
Total assets	\$ 14,001,581	\$ 13,096,571
Liabilities and Net Assets		
Current Liabilities		
Debt maturing within one year	\$ 77,900	\$ 97,200
Current obligation under capital lease	30,826	24,159
Accounts payable	95,010	55,342
Accrued expenses	176,945	133,560
Deferred revenue, net	1,171,940	1,415,249
Paycheck Protection Program loan	357,160	290,100
Total current liabilities	1,909,781	2,015,610
Other Liabilities		
Long-term debt	1,592,125	3,191,772
Obligation under capital lease	13,428	23,474
Total other liabilities	1,605,553	3,215,246
Net Assets		
Net assets without donor restrictions	8,445,856	6,857,798
Net assets with donor restrictions	2,040,391	1,007,917
Total net assets	10,486,247	7,865,715
Total liabilities and net assets	\$ 14,001,581	\$ 13,096,571

The accompanying notes are an integral part of these financial statements

Barnabas Foundation, Inc.

Statements of Activities and Net Assets

Year Ended September 30, 2021

With Summarized Financial Information for the Year Ended September 30, 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets	Total Net Assets
Revenues and public support				
Contributions	\$ 706,726	\$ 2,455,292	\$ 3,162,018	\$ 2,182,127
Program revenue	2,729,068	-	2,729,068	725,148
Special events	328,818	-	328,818	278,825
Merchandise sales	91,629	-	91,629	24,322
Interest income	6,643	-	6,643	5,367
Miscellaneous	12,167	-	12,167	423,506
Total revenues and public support	<u>3,875,051</u>	<u>2,455,292</u>	<u>6,330,343</u>	<u>3,639,295</u>
Net assets released from restrictions	<u>1,422,818</u>	<u>(1,422,818)</u>	<u>-</u>	<u>-</u>
Total revenues, public support and reclassifications	<u>5,297,869</u>	<u>1,032,474</u>	<u>6,330,343</u>	<u>3,639,295</u>
Expenses				
Program services	3,268,730	-	3,268,730	2,423,449
Management and general	526,565	-	526,565	506,946
Fundraising	379,869	-	379,869	420,768
Total expenses	<u>4,175,164</u>	<u>-</u>	<u>4,175,164</u>	<u>3,351,163</u>
Other income (expense)				
Paycheck Protection Program loan forgiveness	357,100		357,100	-
Gain (loss) on disposition of property and equipment	(3,156)	-	(3,156)	3,094
Gain on sale of assets held for sale	111,409		111,409	-
Loss on reclassification of assets to available for sale	-	-	-	(3,136,663)
Total other income (expense)	<u>465,353</u>	<u>-</u>	<u>465,353</u>	<u>(3,133,569)</u>
Increase (decrease) in net assets	<u>1,588,058</u>	<u>1,032,474</u>	<u>2,620,532</u>	<u>(2,845,437)</u>
Net assets - beginning of year	<u>6,857,798</u>	<u>1,007,917</u>	<u>7,865,715</u>	<u>10,711,152</u>
Net assets - end of year	<u>\$ 8,445,856</u>	<u>\$ 2,040,391</u>	<u>\$10,486,247</u>	<u>\$ 7,865,715</u>

The accompanying notes are an integral part of these financial statements

Barnabas Foundation, Inc.

Statements of Cash Flows Year Ended September 30, 2021

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) operating activities		
Increase (decrease) in net assets	\$ 2,620,532	\$ (2,845,437)
Adjustments		
Depreciation	433,053	420,056
(Gain) loss on disposition of property and equipment	3,156	(3,094)
Gain on sale of assets held for sale	(111,409)	-
Loss on reclassifications of assets to available for sale	-	3,136,663
Paycheck Protection Program income	(357,100)	-
Contribution received for long-term purposes	(500,000)	-
Net change in operating accounts		
Accounts receivable	(318,396)	(231,225)
Contributions receivable	(34,973)	-
Inventories	6,918	(9,614)
Prepaid expenses	1,500	4,524
Accounts payable	39,668	(39,321)
Accrued expenses	43,385	110,322
Deferred revenue	(243,309)	1,052,787
Net cash from operating activities	<u>1,583,025</u>	<u>1,595,661</u>
Cash flows from (used in) investing activities		
Acquisition of property and equipment	(1,068,414)	(221,677)
Proceeds from sale of assets held for sale	3,750,497	-
Proceeds from sale of property and equipment	3,500	15,500
Net cash used in investing activities	<u>2,685,583</u>	<u>(206,177)</u>
Cash flows from (used in) financing activities		
Borrowing on long-term debt	358,990	357,100
Repayment of long-term debt	(1,977,937)	(88,994)
Principal payments under capital lease obligation	(38,068)	(22,869)
Paycheck Protection Program loan	424,160	-
Net cash from (used in) financing activities	<u>(1,232,855)</u>	<u>245,237</u>
Net increase in cash, cash equivalents, and restricted cash	3,035,753	1,634,721
Cash, cash equivalents, and restricted cash - beginning of year	2,859,761	1,225,040
Cash, cash equivalents, and restricted cash - end of year	<u>\$ 5,895,514</u>	<u>\$ 2,859,761</u>
Supplemental disclosures for cash flow information		
Cash paid during the year for interest	<u>\$ 122,682</u>	<u>\$ 151,953</u>
Schedule of non-cash donations		
Donated food and supplies for use in program	<u>\$ 68,000</u>	<u>\$ -</u>
Donated vehicle not for use in program	<u>\$ -</u>	<u>\$ 35,000</u>

The accompanying notes are an integral part of these financial statements

Barnabas Foundation, Inc.

Statements of Functional Expenses

Year Ended September 30, 2021

With Summarized Financial Information for the Year Ended September 30, 2020

	2021			2020	
	Program Services	Supporting Services		Total	Total
		Management and General	Fundraising		
Wages and benefits	\$1,426,860	\$ 268,388	\$ 263,435	\$1,958,683	\$1,483,507
Payroll taxes	97,400	18,321	17,982	133,703	106,933
Rent	1,310	32,500	-	33,810	31,050
Food and kitchen supplies	247,692	5,128	4,076	256,896	95,180
Merchandise	58,548	-	-	58,548	22,570
Repairs and maintenance	191,108	25,483	-	216,591	139,170
Advertising and promotion	7,208	2,918	2,692	12,818	21,504
Postage	6,680	2,252	5,139	14,071	11,407
Supplies	199,068	23,771	27,709	250,548	142,811
Insurance	84,909	9,435	-	94,344	183,683
Utilities	156,058	9,657	-	165,715	139,243
Computer and phone expense	66,956	36,544	10,861	114,361	98,201
Travel	38,927	5,602	4,345	48,874	89,101
Depreciation and amortization	389,748	43,305	-	433,053	420,056
Bad debt expense	7,429	-	-	7,429	26,961
Bank and credit card fees	37,072	1,929	12,418	51,419	51,890
Professional fees	33,527	24,122	-	57,649	37,620
Charitable contribution	-	-	2,500	2,500	2,000
Printing and copying	18,774	7,437	25,092	51,303	40,270
Interest	121,621	3,373	-	124,994	151,965
Dues and subscriptions	286	438	2,947	3,671	3,813
Miscellaneous	77,549	5,962	673	84,184	52,228
Total expenses	\$3,268,730	\$ 526,565	\$ 379,869	\$4,175,164	\$3,351,163

The accompanying notes are an integral part of these financial statements

Barnabas Foundation, Inc.

Notes to Financial Statements

Years Ended September 30, 2021 and 2020

1. Summary of Significant Accounting Policies

Nature of business: Barnabas Foundation, Inc. (the Foundation) operates Camp Barnabas, a non-denominational Christian summer camp for children with chronic or terminal illnesses and their siblings. The camp is located in Purdy, Missouri. In addition, the Foundation operates Barnabas Prep (Prep), located in Branson, Missouri, an academic-year program that allows older students to grow in community living, independent living skills and to choose a vocational training track. The Foundation is primarily supported with donations and camp fees.

Accounting pronouncement adopted: During the year ended September 30, 2021, the Foundation adopted the provisions of FASB ASU 2016-18, Statement of Cash Flows (Topic 230). This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

During the year ended September 30, 2020, the Foundation adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Revenue recognition: The Foundation recognizes revenue using the following methods:

Contributions: 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.

Program revenues: Camper and missionary registration payments, Prep tuition, and retreat income are recorded as revenue and recognized when the related obligation is met. Program revenue received in advance is deferred to the applicable period in which the related revenues are performed, or expenditures are incurred, respectively. Economic factors such as changes in the economy and the number of registrants impact the nature, amount, timing and variability of revenues and cash flows. Deferred revenue is presented net of refunds issued.

Special events: Fundraising event revenue consists of event sponsorships and ticket sales. Event sponsorships result in minimal benefit to the sponsor. Therefore, payments are considered to be contributions. Ticket sales, which comprise both exchange and non-exchange transactions, are covered by FASB ASU Topic 606. Management has evaluated these exchange transactions by estimating the value of the goods received and has concluded the value to be immaterial.

Barnabas Foundation, Inc.

Notes to Financial Statements

Years Ended September 30, 2021 and 2020

Merchandise sales: Merchandise sales are conducted both in person while camp is in session and throughout the year on the Foundation's website. Management has concluded refunds of merchandise sales would be immaterial.

Basis of presentation: The Foundation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets not subject to donor restrictions may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors must be expended in accordance with donor restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Foundation does not have any net assets with donor restrictions held in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Contributions of property and equipment or cash restricted to acquire property and equipment are reported as net assets with donor restriction if the donor has restricted the use of the property and equipment to a particular program. The Foundation considers the restriction met when the assets are placed in service.

Accounting estimates: Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Receivables and credit policies: Accounts receivable are uncollateralized obligations for camp tuition and Barnabas Prep program fees. Unpaid balances at the end of the camp session and Barnabas Prep academic-year are considered delinquent.

Contributions receivable are unconditional promises to give. Amounts that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the

Barnabas Foundation, Inc.

Notes to Financial Statements

Years Ended September 30, 2021 and 2020

year in which the promise is received. Amortization of the discount is included in revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Management individually reviews all receivable balances and based on an assessment of current creditworthiness, estimates the portion of the balance that will not be collected. Management has concluded that realization losses on balances outstanding at year-end will be immaterial. It is not the Foundation's policy to charge finance charges on past due accounts. It is the Foundation's policy not to charge interest on past due accounts.

Inventories: Inventories consist of food, clothing and various resale items and have been valued at the lower of cost or net realizable value as determined by the first-in first-out method.

Property and equipment and related depreciation: Property and equipment has been stated at cost. Depreciation has been computed using the straight-line method over the following useful lives:

<u>Category</u>	<u>Estimated Life</u>
Transportation equipment	5 years
Equipment	5–15 years
Building and improvements	5–40 years

Acquisitions of property and equipment or repairs, maintenance or betterments that materially prolong the useful lives of assets in excess of \$5,000 are capitalized.

Deferred Revenue: Income received from program fees and sponsorships are deferred and recognized over the periods to which the revenues relate.

Paycheck Protection Program: The Paycheck Protection Program "PPP" provides small businesses with funds to pay certain payroll and other eligible expenses as outlined in the CARES Act. The Foundation initially recorded the funds as a financial liability in accordance with ASC 835-30. The Foundation is eligible for loan forgiveness of up to 100% of the loan, as long as (1) the loan proceeds are used to cover payroll costs and certain other eligible costs over the covered period after the loan is made; and (2) employees and compensation levels are maintained.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. All other costs have been directly applied.

Barnabas Foundation, Inc.

Notes to Financial Statements

Years Ended September 30, 2021 and 2020

<u>Expense</u>	<u>Method of Allocation</u>
Wages, benefits, and payroll taxes	Time and effort
Travel	Full time equivalent
Depreciation and amortization	Square footage
Supplies	Full time equivalent
Office expenses	Full time equivalent
Insurance	Full time equivalent
Computer and phone expense	Full time equivalent
Utilities	Square footage

Advertising costs: The Foundation expenses non-direct response advertising costs as they are incurred.

Statement of cash flows: Cash equivalents include time deposits, certificates of deposit, money market funds, and all highly liquid debt instruments with maturities of six months or less at the date of their acquisition.

Fair value measurement: The definition of fair value focuses on the exit price (i.e., the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) not the entry price (i.e., the price that would be paid to acquire the asset or received to assume the liability at the measurement date). Fair value is a market-based measurement; not an entity-specific measurement. Therefore, the fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability.

Tax exempt status: The Foundation has been classified as an exempt organization under Internal Revenue Code Section 501(c)(3) and as a religious organization qualified for charitable contributions under Internal Revenue Code Section 170.

The Foundation has analyzed the tax positions taken and has concluded that as of September 30, 2021 and 2020, there are no uncertain positions taken, or expected to be taken, that would require recognition of an asset or liability or disclosure in the financial statements. A tax asset or liability would be recognized if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation does not believe it likely that changes will occur within the next fiscal year that will have a material impact on the financial statements.

Subsequent events: Management has evaluated subsequent events between the end of the most recent fiscal year end and February 24, 2023 the date the financial statements were available to be issued. See Note 2 for further discussion of risks related to the coronavirus pandemic.

Barnabas Foundation, Inc.

Notes to Financial Statements

Years Ended September 30, 2021 and 2020

2. Risks and Uncertainties

During 2020, a strain of coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not yet determinable but will likely be significant for both the local and global economy. The Foundation chose to cancel in-person camp scheduled for the summer of 2020. The overall effects of COVID-19 on the Foundation are also not yet determinable, however COVID-19 has been identified as a significant risk and uncertainty that could impact future operations and result in changes in estimates and assumptions made in the financial statements.

3. Availability and Liquidity

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, excess cash may be invested in short-term investments, including money market accounts.

In addition to cash and securities, the Foundation has a \$100,000 line of credit at Arvest Bank that was fully available at September 30, 2021.

The following represents the Foundation's financial assets at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end		
Cash and cash equivalents	\$ 4,904,202	\$ 2,859,761
Accounts receivable	580,244	261,848
Contributions receivable	534,973	-
Total financial assets	<u>6,019,419</u>	<u>3,121,609</u>
Less amounts unavailable for general expenditures within one year		
Assets held for long-term assets	<u>(1,472,085)</u>	<u>(265,000)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,547,334</u>	<u>\$ 2,856,609</u>

4. Assets Available for Sale

During the year ended September 30, 2019, the board and management made the decision to not host camp at its Shell Knob, Missouri location and listed the camp real estate and equipment for sale. At September 30, 2020, assets available for sale presented in the accompanying statements of financial position includes the land, buildings, equipment, and furniture at the Shell Knob camp. In March 2021, the property located in Shell Knob, Missouri and included in the assets available for sale as reflected in the statements of financial position was sold. The property sold for \$1,500,000 and the gain on sale is reflected in the statements of activities and net assets.

Barnabas Foundation, Inc.

Notes to Financial Statements

Years Ended September 30, 2021 and 2020

During December 2017, the Foundation received a property donation located in Stone County, Missouri with a fair market value of \$5,470,000. The property was held for investment and not placed in service. At September 30, 2020, assets available for sale presented in the accompanying statements of financial position includes this property's multiple structures, a children's playground, and a private boat dock on 106 acres of land. In February 2021, the property was sold for \$2,500,000.

5. Cash and Cash Equivalents

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,904,202	\$ 2,859,761
Restricted cash	991,312	-
Cash, cash equivalents, and restricted cash	<u>\$ 5,895,514</u>	<u>\$ 2,859,761</u>

At September 30, 2021, restricted cash consists of cash received from donor contributions restricted for capital projects. At September 30, 2020, the Foundation did not have any restricted cash.

6. Contributions receivable

Contributions receivable at September 30, 2021 and 2020, consists of the following unconditional promises to give:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 154,200	\$ -
Due in one to five years	400,000	-
	554,200	-
Less: Allowance for uncollectible pledges	-	-
Less: Unamortized discount	(19,227)	-
Cash, cash equivalents, and restricted cash	<u>\$ 1,089,173</u>	<u>\$ -</u>

A rate of 2 percent was used to calculate the unamortized discount.

Barnabas Foundation, Inc.

Notes to Financial Statements

Years Ended September 30, 2021 and 2020

7. Property and Equipment

<u>Category</u>	<u>2021</u>	<u>2020</u>
Transportation equipment	\$ 243,134	\$ 207,054
Equipment	617,639	606,542
Building and improvements	9,847,454	9,193,103
Construction in progress	273,251	-
Land	523,738	523,738
	<u>11,505,216</u>	<u>10,530,437</u>
Less accumulated depreciation	<u>4,537,487</u>	<u>4,226,102</u>
Total	<u>\$ 6,967,729</u>	<u>\$ 6,304,335</u>

Included above is equipment under capital leases in the amount of \$128,548. Accumulated amortization on these capital leases amounted to \$81,644 and \$51,676 as of September 30, 2021 and 2020, respectively.

8. Deferred Revenue

Deferred revenue consists of the following:

	<u>10/1/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>
Barnabas Prep tuition	\$ 185,483	\$ 631,472	\$ 777,875
Camper/Missionary registration payments	176,979	738,477	343,565
Glamping sponsorships	-	45,300	50,500
Total deferred revenue	<u>\$ 362,462</u>	<u>\$ 1,415,249</u>	<u>\$ 1,171,940</u>

9. Paycheck Protection Program

During April 2020, the Foundation was granted a \$357,100 loan under the PPP administered by Arvest Bank, a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Foundation applied for and was notified in April 2021 that \$357,100 in eligible expenditures for payroll and other expenses described in the CARES Act had been forgiven. Loan forgiveness in the amount of \$357,100 is reflected as income in the accompanying statement of activities and net assets for the year ended September 30, 2021.

During February 2021, the Foundation was granted an additional \$357,160 loan under the PPP administered by Arvest Bank, an SBA approved partner. The Foundation applied for and was notified in January 2022 that \$357,160 in eligible expenditures for payroll and other expenses described in the CARES Act had been forgiven.

Barnabas Foundation, Inc.

Notes to Financial Statements

Years Ended September 30, 2021 and 2020

10. Debt

Long-term debt consists of the following:

	2021	2020
3.25%; Arvest Bank; secured by real estate at Branson, MO; payable \$7,941 per month including interest; matures April 2025	\$ 1,313,369	\$ 1,350,159
3.25%; Arvest Bank; secured by real estate at Branson, MO; payable \$2,021 per month including interest; matures July 2026	303,729	-
3.35%; Arvest Equipment Finance; secured by equipment; payable \$960 per month including interest; matures September 2026	52,927	-
4.630%; Arvest Bank; secured by real estate at Shell Knob, MO; payable \$10,545 per month including interest; paid March 2021	-	1,630,646
3.950%; OakStar Bank; secured by real estate at Branson, MO; payable \$2,122 per month including interest; matured October 2021	-	308,167
	1,670,025	3,288,972
Less debt maturing within one year	77,900	97,200
Long-term debt	\$ 1,592,125	\$ 3,191,772

Principal payments due on long-term debt outstanding at September 30, 2021 are as follows:

<u>Year Ended</u> <u>September 30</u>	
2023	\$ 80,500
2024	83,200
2025	1,174,700
2026	253,725
	\$ 1,592,125

At September 30, 2021, the Foundation had a \$100,000 unused line of credit. The note matures April 2023 and has an interest rate of Prime plus 0.75%.

Barnabas Foundation, Inc.

Notes to Financial Statements

Years Ended September 30, 2021 and 2020

11. Net Assets

Net assets with donor restrictions were as follows for the years ended September 30, 2021 and 2020, and are available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Specific Purpose		
Capital projects/maintenance	\$ 1,439,229	\$ -
Teas Trail maintenance projects	-	9,063
Future scholarships	568,306	733,854
Barnabas Prep capital projects	32,856	265,000
Total net assets with donor restrictions	<u>\$ 2,040,391</u>	<u>\$ 1,007,917</u>

Net assets released from donor restrictions are as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions		
Program activities and registration scholarships	\$ 500,442	\$ 108,761
Capital projects and maintenance	922,376	209,331
Total net assets released from donor restrictions	<u>\$ 1,422,818</u>	<u>\$ 318,092</u>

12. Retirement Plan

The Foundation maintains a SIMPLE IRA plan matching participant deferrals up to 3% of participant annual compensation. Contributions to the plan for the years ended September 30, 2021 and 2020 amounted to \$22,631 and \$21,602, respectively.

13. Leases

The Foundation leases its office space from an unrelated party under a three-year operating lease that expired in July 2022. The monthly rental fee is \$3,500 and can be renewed for an additional three-year period at \$3,700 per month.

Rent expense for the years ended September 30, 2021 and 2020 totaled \$33,810 and 31,050, respectively.

The Foundation leases equipment that meets the criteria of a capital lease. Accordingly, minimum rentals have been capitalized, and the related assets and obligation recorded at fair market value at the inception of the lease. The assets are amortized on a straight-line basis over the asset's useful life, and interest is accrued on the basis of the outstanding lease obligation.

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The future minimum lease payments for capital leases at September 30, 2021, are as follows:

Year Ended September 30	Capital Leases	Operating Leases
2022	\$ 32,000	\$ 38,000
2023	10,600	3,000
2024	3,100	-
Total minimum lease payments	45,700	<u>\$ 41,000</u>
Less amount representing interest	1,446	
Present value of net obligations	44,254	
Less current maturities	30,826	
Non-current obligations under capital leases	<u>\$ 13,428</u>	

14. Contributed Services

Unpaid volunteers have donated significant amounts of time to the Foundation in furthering the Foundation's programs and objectives. 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 Foundation. No amounts have been included in the financial statements for donated volunteer services since they did not meet the criteria for recognition under FASB ASC 958-605.

15. Fair Value Measurement

The Foundation has an established process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently sourced market data, including interest rate yield curves, option volatilities and third-party information. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Valuation Hierarchy

ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

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Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Assets available for sale - Real estate owned by the Foundation that was not currently used in operations is measured based upon the estimated realizable value at the date the assets were listed for sale using customized discounting criteria. Assets available for sale and property held for investment are classified within level 2 of the valuation hierarchy.

The following table presents the financial instruments carried at fair value on a non-recurring basis as of September 30, 2020 by caption on the statements of financial position and by ASC 820 valuation hierarchy:

	Fair value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Assets available for sale	<u>\$ 3,639,088</u>	<u>\$ -</u>	<u>\$ 3,639,088</u>	<u>\$ -</u>

During the years ended September 30, 2021 and 2020, the Foundation had no financial instruments classified within level 3 of the valuation hierarchy for assets and liabilities measured at fair value on a recurring basis.

16. Concentration of Credit Risk

The Foundation maintains bank accounts with various financial institutions. On September 30, 2021, the balances with Arvest Bank exceeded standard FDIC insurance limits.