

**PASTORAL LEADERSHIP INSTITUTE**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2020 AND 2019**  
**TOGETHER WITH AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Pastoral Leadership Institute:

We have audited the accompanying financial statements of Pastoral Leadership Institute (PLI), a Missouri nonprofit organization, which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 from material misstatement.

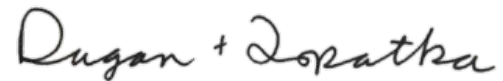
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

To the Board of Directors of  
Pastoral Leadership Institute  
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*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pastoral Leadership Institute as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Dugan + Lopatka".

DUGAN & LOPATKA

Warrenville, Illinois  
April 27, 2021

PASTORAL LEADERSHIP INSTITUTE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,376,294	\$ 1,156,309
Accounts receivable	81,827	74,402
Pledges receivable, current	335,000	325,000
Investments	546,872	506,360
Prepaid expenses	<u>38,713</u>	<u>24,365</u>
Total current assets	<u>2,378,706</u>	<u>2,086,436</u>
PROPERTY AND EQUIPMENT:		
Furniture and equipment	40,338	40,338
Less: accumulated depreciation	<u>(37,708)</u>	<u>(30,207)</u>
Net property and equipment	<u>2,630</u>	<u>10,131</u>
OTHER ASSETS:		
Pledge receivable, net of current portion	410,318	692,473
Deposits	<u>7,019</u>	<u>7,019</u>
Total other assets	<u>417,337</u>	<u>699,492</u>
Total assets	<u>\$ 2,798,673</u>	<u>\$ 2,796,059</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 31,656	\$ 75,701
Deferred revenue	253,069	200,324
Deferred rent	<u>21,157</u>	<u>23,871</u>
Total current liabilities	<u>305,882</u>	<u>299,896</u>
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	1,055,256	1,026,652
With donor restrictions	<u>1,437,535</u>	<u>1,469,511</u>
Total net assets	<u>2,492,791</u>	<u>2,496,163</u>
Total liabilities and net assets	<u>\$ 2,798,673</u>	<u>\$ 2,796,059</u>

The accompanying notes are an integral part of this statement.

PASTORAL LEADERSHIP INSTITUTE  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE:</b>						
Contributions and grants	\$ 838,662	\$ 830,306	\$ 1,668,968	\$ 1,029,898	\$ 1,680,182	\$ 2,710,080
Conference and training fees	471,287	-	471,287	982,832	-	982,832
Forgiveness of note payable	44,382	-	44,382	-	-	-
Investment income	41,714	-	41,714	45,110	-	45,110
<b>Total support and revenue</b>	<b>1,396,045</b>	<b>830,306</b>	<b>2,226,351</b>	<b>2,057,840</b>	<b>1,680,182</b>	<b>3,738,022</b>
<b>RECLASSIFICATIONS:</b>						
Net assets released upon satisfaction of purpose restrictions	862,282	(862,282)	-	688,705	(688,705)	-
<b>FUNCTIONAL EXPENSES:</b>						
Program services	1,287,768	-	1,287,768	1,466,504	-	1,466,504
Management and general	547,628	-	547,628	683,022	-	683,022
Fundraising	394,327	-	394,327	443,744	-	443,744
<b>Total functional expenses</b>	<b>2,229,723</b>	<b>-</b>	<b>2,229,723</b>	<b>2,593,270</b>	<b>-</b>	<b>2,593,270</b>
<b>CHANGE IN NET ASSETS</b>	<b>28,604</b>	<b>(31,976)</b>	<b>(3,372)</b>	<b>153,275</b>	<b>991,477</b>	<b>1,144,752</b>
<b>NET ASSETS, Beginning of year</b>	<b>1,026,652</b>	<b>1,469,511</b>	<b>2,496,163</b>	<b>873,377</b>	<b>478,034</b>	<b>1,351,411</b>
<b>NET ASSETS, End of year</b>	<b>\$ 1,055,256</b>	<b>\$ 1,437,535</b>	<b>\$ 2,492,791</b>	<b>\$ 1,026,652</b>	<b>\$ 1,469,511</b>	<b>\$ 2,496,163</b>

The accompanying notes are an integral part of this statement.

PASTORAL LEADERSHIP INSTITUTE  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions and program fees received	\$ 2,455,016	\$ 2,460,604
Cash paid for operations and programs	(2,282,695)	(2,508,596)
Interest and dividends received	<u>2,601</u>	<u>1,737</u>
Net cash provided by (used in) operating activities	<u>174,922</u>	<u>(46,255)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	<u>681</u>	<u>1,375</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	<u>44,382</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	219,985	(44,880)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,156,309</u>	<u>1,201,189</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,376,294</u>	<u>\$ 1,156,309</u>
RECONCILIATION OF CHANGE IN NET ASSETS:		
Change in net assets	<u>\$ (3,372)</u>	<u>\$ 1,144,752</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,501	7,502
Forgiveness of note payable	(44,382)	-
Realized and unrealized (gain) loss on investments	(41,193)	(45,197)
Changes in other assets and liabilities:		
(Increase) in accounts receivable	(7,425)	(8,169)
(Increase) decrease in pledges receivables	272,155	(1,017,473)
(Increase) decrease in prepaid expenses	(14,348)	45,618
Increase (decrease) in accounts payable and accrued expenses	(44,045)	33,378
Increase (decrease) in deferred revenue	52,745	(206,152)
(Decrease) in deferred rent	<u>(2,714)</u>	<u>(514)</u>
Total adjustments	<u>178,294</u>	<u>(1,191,007)</u>
Net cash provided by (used in) operating activities	<u>\$ 174,922</u>	<u>\$ (46,255)</u>

The accompanying notes are an integral part of these statements.

PASTORAL LEADERSHIP INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 860,226	\$ 189,307	\$ 343,734	\$ 1,393,267
Professional services	14,366	92,669	4,187	111,222
Training, conferences, and meetings	262,963	65,721	-	328,684
Grants	68,958	-	-	68,958
Occupancy	-	74,402	-	74,402
Information technology	135	24,315	7,420	31,870
Supplies	1,499	5,697	298	7,494
Travel	39,829	41,953	24,255	106,037
Advancement and marketing	-	12,072	105	12,177
Insurance	-	6,556	-	6,556
Licenses and fees	-	3,519	-	3,519
Bank and finance fees	1,137	5,902	-	7,039
Postage and shipping	289	2,643	751	3,683
Telecommunications	179	6,017	12,995	19,191
Equipment	114	2,881	582	3,577
Depreciation	-	7,501	-	7,501
Miscellaneous	38,073	6,473	-	44,546
Total functional expenses	<u>\$ 1,287,768</u>	<u>\$ 547,628</u>	<u>\$ 394,327</u>	<u>\$ 2,229,723</u>

The accompanying notes are an integral part of this statement.

PASTORAL LEADERSHIP INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 570,154	\$ 241,445	\$ 337,677	\$ 1,149,276
Professional services	57,145	121,279	13,399	191,823
Training, conferences, and meetings	374,976	16,014	1,632	392,622
Grants	240,650	-	-	240,650
Occupancy	6,135	78,512	-	84,647
Information technology	1,554	64,036	7,350	72,940
Supplies	613	3,463	698	4,774
Travel	210,029	99,832	44,298	354,159
Advancement and marketing	2,083	1,441	2,510	6,034
Insurance	-	6,131	-	6,131
Licenses and fees	-	1,461	-	1,461
Bank and finance fees	-	2,841	-	2,841
Postage and shipping	605	2,007	7,095	9,707
Telecommunications	1,364	1,953	28,854	32,171
Printing and copying	-	-	-	-
Equipment	24	8,794	231	9,049
Depreciation	-	7,502	-	7,502
Miscellaneous	1,172	26,311	-	27,483
	<u>\$ 1,466,504</u>	<u>\$ 683,022</u>	<u>\$ 443,744</u>	<u>\$ 2,593,270</u>
Total functional expenses	<u>\$ 1,466,504</u>	<u>\$ 683,022</u>	<u>\$ 443,744</u>	<u>\$ 2,593,270</u>

The accompanying notes are an integral part of this statement.



PASTORAL LEADERSHIP INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Pastoral Leadership Institute (PLI) is located in Nashville, Tennessee. PLI is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. PLI's purpose is to operate an in-service, leadership formation program for pastors and others who desire to develop their leadership abilities helpful in pastoring churches in the Lutheran Church-Missouri Synod (LCMS) and beyond. PLI serves as a resource to congregations, church groups, and individuals who desire to develop leadership skills so that a maximization of the gift of leadership given to them by God might be accomplished. PLI's primary sources of revenue are contributions and grants from Lutheran-related organizations and supporters of PLI and fees from conferences and training programs.

The financial statements were available to be issued on April 27, 2021, with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies and practices reflected in the accompanying financial statements.

Basis of Accounting -

The financial statements of PLI have been prepared on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

Basis of Presentation -

PLI is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Without donor restrictions* - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of PLI. These net assets may be used at the discretion of management and the board of directors.

*With donor restrictions* - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of PLI and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, PLI considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk -

Financial instruments which potentially subject PLI to concentrations of credit risk consist principally of cash. PLI's cash deposits exceeded the FDIC limits at various times during the years ended December 31, 2020 and 2019.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Accounts Receivable -

Accounts receivable is stated at the amount PLI expects to collect from outstanding balances. PLI provides for probable uncollectible amounts as an expense on the statement of activities and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. An account is considered past due if PLI has not received any payments for ninety days after the invoice date. PLI's policy is to perform in-house reasonable collections after 90 days. Balances that are still outstanding after PLI has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. The allowance for doubtful accounts is zero as of December 31, 2020 and 2019.

Contributions -

PLI recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Conference and training fees -

Conference and training fees are reported at the amount that reflects the consideration to which PLI expects to be entitled in exchange for the services. PLI's program revenue consists primarily of conferences and educational programs which are considered to have a single performance obligation that is satisfied at a point in time. The performance obligations for these services are considered met, and revenue is recognized, when the conference or educational program occurs.

Donated Property -

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, PLI reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. PLI reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated property, marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Contributed Services -

Contributed services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) would typically need to be purchased by PLI, require specialized skills, and be performed by people with those skills.

Pledges Receivable -

Pledges receivable are recorded in the fiscal year, in which the pledge has become unconditional and then is classified as either without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Investments -

Investments in securities are carried at fair value based on quoted market prices for those investments. Donated investments are recorded as support at fair value when received.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of market risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property and Equipment -

Property and equipment are stated at cost or fair market at date of receipt for donated assets. PLI follows the practice of capitalizing all assets in excess of \$2,000. Betterments and renewals are capitalized if they extend or increase the value of the property and equipment. Maintenance and repairs are charged to operations when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets ranging from three to ten years. Depreciation expense totaled \$7,501 and \$7,502 in 2020 and 2019, respectively.

Income Taxes -

PLI has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

PLI files income tax returns in the U.S. federal jurisdiction and in various states. With few exceptions, PLI is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2017. PLI does not expect a material net change in unrecognized tax benefits in the next twelve months.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Deferred Revenue -

Deferred revenue (contract liabilities) consists of advancement payments for program fees. These advances are deferred until the performance obligations are met. Once the performance obligations are met, they are recognized as revenue.

Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, professional services, trainings and conferences, office expenses, information technology, travel and other, which are allocated on the basis of estimates of time and effort.

(2) PLEDGES RECEIVABLE:

Pledges receivable to give at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 335,000	\$ 325,000
Receivable in greater than one year and less than five years	<u>435,000</u>	<u>750,000</u>
Total unconditional promises to give	770,000	1,075,000
Less - Discounts to net present value	<u>(24,682)</u>	<u>(57,527)</u>
Net unconditional promise to give	<u>\$ 745,318</u>	<u>\$ 1,017,473</u>

The discount rate used on long-term promises to give is 4.75% for pledges made in 2019 and 3.25% for pledges made in 2020.

(3) INVESTMENTS:

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

	<u>2020</u>	<u>2019</u>
Mutual funds	\$ 512,203	\$ 474,706
Pooled investment account	<u>34,669</u>	<u>31,654</u>
Total	<u>\$ 546,872</u>	<u>\$ 506,360</u>

Investment income (loss) consists of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 2,601	\$ 1,737
Realized and unrealized gain	41,193	45,197
Investment fees	<u>(2,080)</u>	<u>(1,824)</u>
Total	<u>\$ 41,714</u>	<u>\$ 45,110</u>

(4) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification (ASC) for Fair Value Measurements establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurement, and expands disclosures about fair value measurements required under other accounting pronouncements. It does not change existing guidance as to whether or not an instrument is carried at fair value.

The ASC established market and observable inputs as the preferred source of values, followed by assumptions based on hypothetical transactions in the absence of market inputs.

The valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect PLI's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

(4) FAIR VALUE MEASUREMENTS: (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

*Mutual Funds:* Valued at the closing price reported on the active market on which the individual funds are traded.

*Pooled investment account:* Fair values for investments are provided by the trust administrator which determines the fair value by reference to quoted market prices and other relevant information generated by market transactions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the PLI 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 fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, PLI's assets at fair value as of December 31, 2020 and 2019:

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds -				
Money market fund	\$ 310,028	\$ -	\$ -	\$ 310,028
Equity fund	202,175	-	-	202,175
Pooled investment account	-	-	34,669	34,669
Total assets at fair value	<u>\$ 512,203</u>	<u>\$ -</u>	<u>\$ 34,669</u>	<u>\$ 546,872</u>

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds -				
Money market fund	\$ 309,138	\$ -	\$ -	\$ 309,138
Equity fund	165,568	-	-	165,568
Pooled investment account	-	-	31,654	31,654
Total assets at fair value	<u>\$ 474,706</u>	<u>\$ -</u>	<u>\$ 31,654</u>	<u>\$ 506,360</u>

(4) FAIR VALUE MEASUREMENTS: (Continued)

The following table sets forth a summary of changes in the fair value of level 3 assets for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 31,654	\$ 26,674
Realized and unrealized gains (loss)	4,146	6,314
Purchases and sales, net	<u>(1,131)</u>	<u>(1,334)</u>
	<u>\$ 34,669</u>	<u>\$ 31,654</u>

(5) FORGIVENESS OF NOTES PAYABLE:

As part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, in May, 2020, PLI obtained a Payroll Protection Program (PPP) loan in the amount of \$44,382. In December, 2020, PLI received notice from its bank that the PPP loan was forgiven in full by Small Business Administration. The forgiveness of this note is shown as revenue for the year ended December 31, 2020.

(6) NET ASSETS:

Net assets with donor restrictions as of December 31, 2020 and 2019, are available for the following:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 45,487	\$ 28,262
PLI International	216,946	148,992
Young Leaders	139,785	161,940
Multicultural Learning Community	46,000	46,000
Time restricted	770,000	1,075,000
NuCorp	210,000	-
Other	<u>9,317</u>	<u>9,317</u>
	<u>\$ 1,437,535</u>	<u>\$ 1,469,511</u>

(7) LIQUIDITY AND AVAILABILITY:

	<u>December 31,</u> <u>2020</u>	<u>2019</u>
Financial assets -		
Cash and cash equivalents	\$ 1,376,294	\$ 1,156,309
Receivable	827,145	1,091,875
Investments	<u>546,872</u>	<u>506,360</u>
Total financial assets	2,750,311	2,754,544

(7) LIQUIDITY AND AVAILABILITY: (Continued)

	December 31,	
	<u>2020</u>	<u>2019</u>
Donor imposed restrictions	<u>1,437,535</u>	<u>1,469,511</u>
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year	<u>\$ 1,312,776</u>	<u>\$ 1,285,033</u>

PLI receives significant contributions, some of which are restricted by donors to fund specific programs or projects. Such restricted funds are tracked for use for the identified program or project. Restricted contributions of \$830,306 and \$1,680,182 were received and included in financial assets for the years ended December 31, 2020 and 2019, respectively.

PLI manages its liquidity and reserves following three guiding principles:

- operating within a prudent range of financial soundness and stability.
- maintaining adequate liquid assets to fund near-term operating needs.
- maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

(8) OPERATING LEASES:

PLI has an office lease that will expire in November 2023. The office lease included four months of free rent and scheduled increases in rent payments. The excess of rent expense recognized for the financial statements and the cumulative effect of these differences is included in deferred rent. In 2019, PLI entered into a new office lease that began in January 2019 and expired in June 2020. Rental expense for these leases was \$75,441 and \$81,680 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease payments are as follows:

2021	78,051
2022	80,404
2023	75,785

(9) RETIREMENT PLAN:

Certain employees are covered by the defined benefit plan for eligible employees through the LCMS. PLI's contributions to this plan totaled approximately \$88,408 and \$6,834 for the years ended December 31, 2020 and 2019, respectively.



(10) MANAGEMENT'S RESPONSE TO COVID-19 PANDEMIC:

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact our operations and financial statements.