



Darrell L. Keller, CPA, PA

ZOLA LEVITT MINISTRIES, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2021

(704) 739-0771

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Zola Levitt Ministries, Inc.
Dallas, Texas

Opinion

We have audited the accompanying financial statements of Zola Levitt Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Zola Levitt 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 Zola Levitt 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 Zola Levitt Ministries, Inc.'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

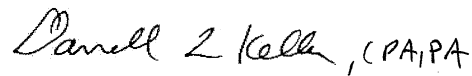
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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 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.

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 Zola Levitt Ministries, Inc.'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 Zola Levitt Ministries, Inc.'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.



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina

August 31, 2022

ZOLA LEVITT MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 377,885	\$ 47,405	\$ 425,290
Investments-Mutual Funds	1,698,113	-	1,698,113
Inventory	116,125	-	116,125
Note Receivable-TEI, Inc.	80,228	-	80,228
Investments-TEI, Inc.	3,639	-	3,639
Equipment and leasehold improvements less accumulated depreciation of \$29,845	9,338	-	9,338
Total Assets	<u>\$ 2,285,328</u>	<u>\$ 47,405</u>	<u>\$2,332,733</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Sales tax payable	\$ 527	\$ -	\$ 527
Accounts payable and accrued expenses	124,505	47,405	171,910
Total liabilities	<u>125,032</u>	<u>47,405</u>	<u>172,437</u>
Net assets:			
Without Donor Restrictions	2,160,296	-	2,160,296
With Donor Restrictions	-	-	-
Total net assets	<u>2,160,296</u>	<u>-</u>	<u>2,160,296</u>
Total liabilities and net assets	<u>\$ 2,285,328</u>	<u>\$ 47,405</u>	<u>\$2,332,733</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

ZOLA LEVITT MINISTRIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Public support:			
Contributions	\$ 2,802,629	\$ -	\$ 2,802,629
Books, DVDs, CDs	179,787	-	179,787
Institute in Jewish-Christian Studies	7,384	-	7,384
Royalties	124,999	-	124,999
Investment return-net	(129,059)	-	(129,059)
Net assets released from restriction	-	-	-
Total revenues	2,985,740	-	2,985,740
Program Services			
Production Costs	2,610,485	-	2,610,485
Supporting Services			
Management and general	471,055	-	471,055
Fundraising	23,384	-	23,384
Functional expenses	3,104,924	-	3,104,924
Realized gain on sale of investments	3,473	-	3,473
Unrealized gain (loss) on investments	35,462	-	35,462
	38,935	-	38,935
Change in net assets	(80,249)	-	(80,249)
Net assets:			
Beginning	2,240,545	-	2,240,545
Ending	\$ 2,160,296	\$ -	\$ 2,160,296

The Accompanying Notes are an Integral Part of these Financial Statements.

ZOLA LEVITT MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services		Total Expenses
	Production Costs	Management and General	Fundraising	
Leased employees	\$ 87,799	\$ 278,030	\$ -	\$ 365,829
Employee benefits	-	1,348	-	1,348
Total salaries and related expenses	<u>87,799</u>	<u>279,378</u>	<u>-</u>	<u>367,177</u>
Production-airtime	1,244,186	-	17,534	1,261,720
Production-Newsletters	477,921	-	5,850	483,771
Production-DVDs	608,530	-	-	608,530
Production-Website	16,230	-	-	16,230
Production-Contract Labor	38,105	-	-	38,105
Social Media	29,964	-	-	29,964
Books, DVDs, CDs	103,078	-	-	103,078
Royalties and permissions	4,672	-	-	4,672
Office expense	-	18,105	-	18,105
Printing	-	17,266	-	17,266
Postal, shipping, and mailing service	-	18,916	-	18,916
Travel and Meetings	-	-	-	-
Professional services	-	5,739	-	5,739
Telephone	-	5,047	-	5,047
Answering service	-	14,093	-	14,093
Insurance	-	1,558	-	1,558
Rent	-	66,112	-	66,112
Bank charges/credit card fees	-	26,910	-	26,910
Repairs & maintenance	-	636	-	636
Dues and memberships	-	2,661	-	2,661
Taxes-general	-	5,212	-	5,212
Tour expenses	-	-	-	-
Audit	-	9,350	-	9,350
Miscellaneous	-	(2,597)	-	(2,597)
Total expenses before depreciation	<u>2,610,485</u>	<u>468,386</u>	<u>23,384</u>	<u>3,102,255</u>
Depreciation	-	2,669	-	2,669
Total expenses	<u><u>\$2,610,485</u></u>	<u><u>\$ 471,055</u></u>	<u><u>\$ 23,384</u></u>	<u><u>\$ 3,104,924</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements.

ZOLA LEVITT MINISTRIES, INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows From Operating Activities:

Expenses (Over) Under Revenues	\$ (80,249)
Adjustments to Reconcile Expenses Over Revenues to Net Cash Provided by (Used by) Operating Activities:	
Depreciation	2,669
Unrealized losses (gains) on investments	(35,462)
(Increase) Decrease in Inventory	20,645
Increase (Decrease) in Sales Tax Payable	155
Increase (Decrease) in Accounts Payable	(23,726)
Total Adjustments	(35,719)
Net Cash Provided by (Used by) Operations	(115,968)

Cash Flows From Investing Activities:

Purchase of Stocks	(4,408)
Earnings on Investments	84,174
Additional Investment in Subsidiary	(196,772)
Loan to Subsidiary	(27,930)
(Income) Loss from subsidiary	209,760
Net Cash Provided by (Used by) Investments	64,824

Beginning Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	476,434
Ending Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	\$ 425,290

The accompanying footnotes are an integral part of the financial statements.

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1. SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES

Reporting Entity

Zola Levitt Ministries, Inc. (the “Organization”) is a non-profit organization organized in Texas that receives donations and gifts from the general public and performs ministerial duties in proclamation of the Christian Gospel. The Ministry is supported primarily through donor contributions, which accounts for 90% of its revenue. It was determined to be a non-profit by the Internal Revenue Service and is governed by a volunteer Board of Directors. The Organization is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an entity that is not a private foundation within the meaning of section 509(a) and contributions to the Organization are tax-deductible within the limitations prescribed by law.

Organizational Mission Statement

The mission of the Organization is to proclaim the Gospel of Jesus Christ through production of a Bible teaching television program that emphasizes the Jewish roots of Christianity, the continuing significance of Israel to prophecy fulfillment, and the chosen people’s role in God’s eternal plan.

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Under those standards, the Organization 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. In addition, the Organization is required to present a statement of cash flows. The Organization uses the accrual method of accounting. Under this method, revenue is recognized when earned, and expenses are recognized when incurred.

Use of Estimates

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

Significant estimates include allowance for uncollectible accounts receivable, depreciation, and contingencies.

Income Taxes

The Ministry is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

The Ministry owns 100% of a Subchapter S Corporation. Earnings on this investment generate unrelated business income which is subject to unrelated business income tax (UBIT). The Ministries Form 990-T, Exempt Organization Business Income Tax Return shows the subsidiary had a loss for the current year.

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

The financial accounting standards board issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain tax positions that require recognition in the financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of demand deposits in banks, cash on hand, and deposits in money market accounts. Restricted Cash is donor restricted cash that has yet to be released from restriction.

Investments

Investments with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. The fair value of all available-for-sale marketable securities has been measured on a recurring basis using Level 1 inputs. There were no changes in valuation methodologies and related inputs used at December 31, 2021.

Fair Value Measurements

FASB ASC 820-10 regarding fair value measurements clarifies the definition of fair value for financial reporting and establishes a three-tier hierarchy as a framework for measuring fair value which requires an entity to give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements. Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date.

The three levels of the fair value hierarchy under this standard are as follows:

- Level 1 - Inputs are unadjusted quoted prices for identical instruments in active markets.
- Level 2 - Inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets.
- Level 3 - Inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Property and Equipment

The Organization capitalizes property and equipment if its value is over \$5,000 and its useful life is more than one year. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value on the date of the gift. Such donations are reported as contributions without donor restrictions 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 contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty-nine years. Management annually reviews these assets to determine whether carrying values have been impaired.

Net Asset Classifications

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Organization's long-term financial viability.

See note 9 for more information on the composition of net assets without donor restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increase in net assets without donor restrictions if the restrictions expire in the same fiscal year in which the contributions are recognized.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

See note 10 for more information on the composition of net assets with donor restrictions.

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
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Contributions

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America. Under those standards, contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Contributed Services

The Organization generally pays for services requiring specific expertise. Other individuals volunteer their time and perform a variety of tasks that assist the Organization carrying out its fundraising and special programs, but these services do not meet the criteria for recognition as contributed services. The Organization receives less than 50 volunteer hours per year.

Functional Allocation of Expenses

For functional expense allocations, salaries and related expenses are allocated to the various programs and supporting services based on estimated time the employees spend on each function. The remaining expenses are specifically allocated whenever practical or are allocated based on salaries or space utilization.

Advertising

The Organization expenses advertising costs as incurred. Shipping and handling costs are recorded as production costs if they relate to the sale of inventory. Shipping and handling costs that relate to general operations are recorded as management and general expenses. These costs are immaterial to the financial statements as a whole.

Concentration of Credit Risk

The Organization maintains demand deposits at one bank in Texas which are secured by the Federal Deposit Insurance Corporation. At December 31, 2021 the deposits had a carrying value of \$406,015 and a bank balance of \$347,144, of this amount \$250,000 was covered by FDIC. Management does not consider this concentration to be a significant risk.

The Organization maintains a money market mutual fund account with Vanguard Financial Services. The carrying value of the account at December 31, 2021 was \$19,018. This amount is not insured. Management does not consider this to be a significant risk. It is valued at Level 1 of the fair value hierarchy as shown in note 2.

The Organization has petty cash on hand of \$256.

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 2. FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2021 are as follows:

Investments:	Fair Value	Level 1
Short-term stocks (E-Trade)	853	853
Vanguard Federal MM Fund	19,018	19,018
Vanguard Ext. Mkt. Index	154,103	154,103
Vanguard STAR Fund	1,133,922	1,133,922
Vanguard Short Term Bond	<u>399,607</u>	<u>399,607</u>
	1,707,503	1,707,503

INVESTMENT IN EQUITY SECURITIES

The Ministry owns one-hundred percent of a subchapter S corporation. This investment in equity securities is accounted for using the cost method. The fair value of a cost method investment is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value. The Ministry has not estimated the fair value of this investment because it is not practicable to do so and there have been no such identified events.

The value as of January 1, 2021 was \$16,627 and realized loss of \$209,760 and additional capital investment of \$196,772 was recognized during the year for a total value as of December 31, 2021 of \$3,639.

Note 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>12/31/2021</u>
Financial Assets at Year-End	\$ 2,239,528
Less those available for general expenditure within one year, due to:	
Donor Restricted:	
Donated to Ministry for other Ministries	(41,175)
Unavailable to management without Board approval	
Board designated Quasi-Endowment	-
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,198,353</u>

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	12/31/2021
Machinery and equipment	\$ 15,274
Office Equipment	23,909
Less Accumulated Depreciation	<u>(29,845)</u>
Net Property and Equipment	<u><u>\$ 9,338</u></u>

Depreciation Expense for December 31, 2021 was \$2,669.

Note 5. INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined using the first in, first out (FIFO) method. The value of inventories using the FIFO is \$116,125. Inventories include ministerial supplies such as books, tapes, albums, and cassettes.

Note 6. RELATED PARTY TRANSACTIONS

Travel Experience International is a for profit corporation that is owned by the ministry. The purpose of the corporation is to conduct tours of the Holy Land. During 2021 the Ministry was reimbursed \$74,702 for expenses paid on behalf of Travel Experience International. These expenses consisted primarily of charges for advertising during broadcast time of the national weekly program and shared rental space.

Note 7. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at December 31, 2021:

	12/31/2021
Undesignated	\$ 2,150,958
Fixed Assets	9,338
Total net assets without donor restrictio	<u><u>\$ 2,160,296</u></u>

ZOLA LEVITT MINISTRIES, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
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Note 8. NET ASSETS WITH DONOR RESTRICTIONS

The Organization does not currently have net assets with donor restrictions.

Note 9. RESTRICTED ACCOUNTS PAYABLE

The Organization accepts contributions that are passed through to other Organizations. This is not considered revenue to the Ministry.

	12/31/2021
Donor restricted to:	
Aliyah Return Center	\$ 1,649
Bridges for Peace	2,208
Good News	3,259
Hebrew for Christians	(10)
Holocaust Survivors Fund	-
Israeli Tree Fund	204
Lone Soldier	1,582
Our Man in Jerusalem	-
Temple Mount Fund	538
Tents of Mercy	240
To The Jew First Fund	37,735
	\$ 47,405

Note 10. CONTINGENCY

The Ministry Board of Directors approved a resolution stating that in the event of the dissolution of the ministry, all full-time employees will receive one (1) week’s pay for every year of service. The amount of the contingency cannot be determined at this time, because this is a future event, and the amount cannot be estimated.

Note 11. SUBSEQUENT EVENTS

The Organization has evaluated its financial statements for subsequent events through August 31, 2022, the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact contributions. While the economic disruption is currently expected to be temporary, there is considerable uncertainty around the duration. COVID-19 has caused business disruption through mandated and voluntary closings of multiple businesses. This has caused widespread unemployment throughout the United States. The potential impact of this pandemic cannot be reasonably estimated at this time. At this time, the ministry has yet to be significantly impacted by COVID-19, partly due to receiving several bequests this year.