NEW GENERATIONS

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 AND 2020

TOGETHER WITH AUDITOR'S REPORT

Dugan & Lopatka
Certified Public Accountants
4320 WINFIELD ROAD, SUITE 450
WARRENVILLE, IL 60555
630 665 4440
duganlopatka.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
New Generations:

Opinion

We have audited the accompanying financial statements of New Generations (the Organization) (a non-profit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years 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 New Generations as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years 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 the Organization, 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.

Management's Responsibility 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 the Organization'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 risk 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 the Organization'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
April 13, 2022

NEW GENERATIONS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
A S S E T S		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,724,572	$ 3,140,490
Promises to give	-	125,000
Investments	936,708	701,050
Prepaids and other assets	809,498	349,157
Total assets	$ 5,470,778	$ 4,315,697
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 53,730	$ 24,348
Accrued expenses	23,999	35,518
Total liabilities	77,729	59,866
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	3,878,594	3,116,633
With donor restrictions	1,514,455	1,139,198
Total net assets	5,393,049	4,255,831
Total liabilities and net assets	$ 5,470,778	$ 4,315,697

The accompanying notes are an integral part of this statement.

NEW GENERATIONS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Contributions	$ 4,980,846	$ 1,949,312	$ 6,930,158	$ 4,653,430	$ 986,236	$ 5,639,666
Interest and dividend income	26,147	-	26,147	16,981	-	16,981
Unrealized and realized gain (loss) on investments	83,545	-	83,545	(9,050)	-	(9,050)
Other income	10,015	-	10,015	39,880	-	39,880
Net assets released from restrictions	1,574,055	(1,574,055)	-	1,091,868	(1,091,868)	-
Total operating revenue	6,674,608	375,257	7,049,865	5,793,109	(105,632)	5,687,477
EXPENSES:						
Program	5,145,779	-	5,145,779	3,837,469	-	3,837,469
Management and general	380,178	-	380,178	345,963	-	345,963
Fundraising	386,690	-	386,690	420,306	-	420,306
Total expenses	5,912,647	-	5,912,647	4,603,738	-	4,603,738
Change in net assets	761,961	375,257	1,137,218	1,189,371	(105,632)	1,083,739
NET ASSETS, beginning of year	3,116,633	1,139,198	4,255,831	1,927,262	1,244,830	3,172,092
NET ASSETS, end of year	$ 3,878,594	$ 1,514,455	$ 5,393,049	$ 3,116,633	$ 1,139,198	$ 4,255,831

The accompanying notes are an integral part of this statement.

NEW GENERATIONS
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

.

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,137,218	$ 1,083,739
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Unrealized (gain) loss on investments	(88,519)	10,973
Decrease in promises to give	125,000	175,528
(Increase) decrease in prepaid expenses	(460,341)	127,501
Increase in accounts payable	29,382	8,307
(Decrease) in accrued expenses	(11,519)	(23,371)
Net cash provided by operating activities	731,221	1,382,677
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(147,139)	(612,016)
NET CHANGE IN CASH AND CASH EQUIVALENTS	584,082	770,661
CASH AND CASH EQUIVALENTS, beginning of year	3,140,490	2,369,829
CASH AND CASH EQUIVALENTS, end of year	$ 3,724,572	$ 3,140,490

The accompanying notes are an integral part of this statement.

NEW GENERATIONS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program	Management and General	Fundraising	Total Expenses
Salaries & related expenses	$ 531,851	$ 183,877	$ 173,297	$ 889,025
Contractor support expenses	538,658	-	17,883	556,541
Contributions	33,701	-	-	33,701
Professional fees	44,490	114,036	102,714	261,240
Telephone/internet expense	15,189	4,881	-	20,070
Bank charges and fees	8,637	24,330	21,387	54,354
Supplies	81,557	2,448	3,092	87,097
Licensing and subscriptions	4,433	2,065	-	6,498
Insurance	-	9,209	-	9,209
Conferences/meetings	35,350	3,899	3,899	43,148
Travel	166,191	9,412	28,493	204,096
Facilities	600,560	7,956	-	608,516
Staff training	53	52	-	105
Miscellaneous	3,706	3,707	-	7,413
Web/software/hardware	55,862	14,306	2,737	72,905
Disciple Making Movements contributions	2,594,977	-	-	2,594,977
Transporation	18,037	-	-	18,037
Emergency and preservation needs	412,527	-	-	412,527
Promotional	-	-	33,188	33,188
Total functional expenses	$ 5,145,779	$ 380,178	$ 386,690	$ 5,912,647

NEW GENERATIONS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program	Management and General	Fundraising	Total Expenses
Salaries & related expenses	$ 477,807	$ 210,283	$ 239,793	$ 927,883
Contractor support expenses	514,368	-	18,065	532,433
Contributions	16,317	-	-	16,317
Professional fees	123,730	70,523	19,393	213,646
Telephone/internet expense	19,719	4,077	-	23,796
Bank charges and fees	10,123	17,945	15,966	44,034
Supplies	43,462	3,399	4,208	51,069
Licensing and subscriptions	1,664	884	-	2,548
Insurance	-	8,866	-	8,866
Conferences/meetings	9,174	864	864	10,902
Travel	113,767	4,492	24,309	142,568
Facilities	78,752	11,690	-	90,442
Staff training	1,837	1,587	-	3,424
Miscellaneous	3,363	3,363	-	6,726
Web/software/hardware	21,771	7,990	1,030	30,791
Disciple Making Movements contributions	2,058,165	-	-	2,058,165
Transportation	22,117	-	-	22,117
Emergency and preservation needs	321,333	-	-	321,333
Promotional	-	-	96,678	96,678
Total functional expenses	$ 3,837,469	$ 345,963	$ 420,306	$ 4,603,738

NEW GENERATIONS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

New Generations (the Organization) is a non-profit organization that is an international Christian ministry that partners with God and national leaders to launch Disciple Making Movements among the world's least reached people. The Organization hopes to increase the movements of obedient disciples that can virally reproduce within their natural networks as a way to engage the billions of people that are outside the reach of traditional missions. The Organization was recognized as a 501(c)(3) entity in September, 2017.

The Organization evaluated its December 31, 2021 financial statements for subsequent events through April 13, 2022.

The following summarizes the significant accounting policies and practices reflected in the accompanying financial statements:

Basis of Accounting -

The Organization maintains its financial statements on the accrual basis of accounting which recognizes the support and revenue as it is earned and expenses as they are incurred.

Financial Statement Presentation -

The financial statements of the Organization have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

With donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Prepaids -

Prepaids consist of advances to various individuals for the Disciple Making Movements expenses.

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes, except for taxes on unrelated business income generated from unrelated trade or business activities. The Organization did not have unrelated business income for the year ended December 31, 2021. Accordingly, no provision for income tax has been established.

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

Income Taxes - (Continued)

The Organization files informational returns in the U.S. federal jurisdiction and various states. The Organization is subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2018. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may vary from those estimates.

Cash and Cash Equivalents -

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

Concentration of Credit Risk -

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash.

The Organization places its cash and deposits with high quality financial institutions; however, deposits may exceed the federally insured limits from time to time.

Promises to Give -

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the contributions are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All contributions receivables are considered fully collectible based on past experience and management's judgment; therefore, no allowance for doubtful contribution accounts receivable is needed.

Investments -

The Organization invests in mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of 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 statements of financial position and activities.

Investments in mutual funds are carried at fair value based on quoted market prices for those investments.

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

Contributions -

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barriers and a right of return – are not recognized until the conditions on which they depend have been met.

Revenue With and Without Donor 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 the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of cash and other assets that are restricted by a donor are responded to as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the gift is recognized.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to a program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, travel, miscellaneous, and telephone which are allocated on the basis of estimates of time and effort.

(2) PROMISES TO GIVE:

On December 31, 2021 and 2020, the timing of payments of accounts and contributions receivable as determined by the underlying agreements are expected to be as follows:

	2021	2020
Receivable in less than one year	$ -	$ 125,000
Receivable in greater than one year and less than five years	-	-
Total accounts and contributions receivable	-	125,000
Less unamortized discounts	-	-
Net accounts and contributions receivable	$ -	$ 125,000

(3) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurements established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this codification are described as follows:

(3) FAIR VALUE MEASUREMENTS: (Continued)

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2:

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used on December 31, 2021 and 2020.

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

The preceding method 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 Organization believes its valuation method is 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 table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

	Assets at Fair Value as of December 31, 2021			
Description	Level 1	Level 2	Level 3	Total
Large cap value mutual funds	$ 936,708	$ -	$ -	$ 936,708

	Assets at Fair Value as of December 31, 2020			
Description	Level 1	Level 2	Level 3	Total
Large cap value mutual funds	$ 701,050	$ -	$ -	$ 701,050

(4) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following programs on December 31, 2021 and 2020:

	2021	2020
Africa	$ 342,123	$ 25,461
Southeast Asia	249,239	263,454
Time restricted	250,022	162,935
Bolthouse	611,988	660,244
North America	15,033	15,544
South Africa	46,050	11,560
	$ 1,514,455	$ 1,139,198

(5) AVAILABILITY AND LIQUIDITY:

The following represents the New Generation's financial assets at:

	December 31, 2021	December 31, 2020
Financial assets -		
Cash and cash equivalents	$ 3,724,572	$ 3,140,490
Promises to give	874	125,000
Investments	936,708	701,050
Total financial assets	4,662,154	3,966,540
Less donor-imposed restrictions	1,514,455	1,139,198
Financial assets available to meet cash needs for general expenditures within one year	$ 3,147,699	$ 2,827,342

The Organization's goal is to generally maintain enough financial assets to meet 3 months of operating expenses (approximately $1,500,000).

The Organization manages its liquidity and reserves by adhering to the following principles:

- Operating within a prudent range of financial soundness and stability.
- Incurring unbudgeted costs only when the required funding is available.
- Maintaining adequate liquid assets to fund near-term operating needs.

The Organization's fiscal year runs from January to December. Typically, a significant percentage of revenue is from year-end gifts. Therefore, a large positive year-end balance is used in the subsequent fiscal year. In 2021 approximately 30% of the Organization's revenue was received in the months of November and December. Those funds will be amortized and distributed throughout 2022 to cover program costs and general operating expenses budgeted to be incurred in 2022. In addition, the Organization is building up cash for several multi-year special projects and future operational growth to support its long-term vision.