

SHELTERING WINGS, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023

SHELTERING WINGS, INC.

CONTENTS

	<u>Pages</u>
Independent Auditors' Report	
Financial Statements	
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis	1
Statement of Support, Revenue, and Expenses – Modified Cash Basis	2
Statement of Functional Expenses – Modified Cash Basis	3
Statement of Cash Flows – Modified Cash Basis	4
Notes to Financial Statements	5-9

📍 **Saint Louis, Missouri**
6240 S. Lindbergh Blvd Ste. 101
Saint Louis, MO 63123

📞 (314) 845-7999
📠 (314) 845-7770
🌐 www.afewcpas.com



📍 **Columbia, Illinois**
205 S. Main
Columbia, IL 62236

📞 (618) 281-4999
📠 (618) 281-9533
🌐 www.afewcpas.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Sheltering Wings, Inc.

Opinion

We have audited the accompanying financial statements of Sheltering Wings, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of December 31, 2023, and the related statements of support, revenue, and expenses-modified cash basis, functional expenses-modified cash basis, and cash flows-modified cash basis 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 assets, liabilities, and net assets of Sheltering Wings, Inc. as of December 31, 2023, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sheltering Wings, 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Sheltering Wings, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Sheltering Wings, 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 Sheltering Wings, 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.

F.E.W. CPAs

F.E.W. CPAs
Saint Louis, Missouri
November 1, 2024

SHELTERING WINGS, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2023

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 460,464
Certificate of deposit	843,832
Prepaid insurance	<u>3,500</u>
Total current assets	<u>1,307,796</u>
Total assets	<u><u>\$ 1,307,796</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Payroll and other liabilities	\$ <u>38,716</u>
Total current liabilities	<u>38,716</u>
Total liabilities	<u>38,716</u>
NET ASSETS	
Without donor restriction	(158,550)
With donor restriction	<u>1,427,630</u>
Total net assets	<u>1,269,080</u>
Total liabilities and net assets	<u><u>\$ 1,307,796</u></u>

See accompanying notes and independent auditors' report

SHELTERING WINGS, INC.
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor restriction	With Donor restriction	Total
SUPPORT AND REVENUE			
Contributions	\$ 279,189	\$ 1,538,030	\$ 1,817,219
Total support and revenue	279,189	1,538,030	1,817,219
Net assets released from restrictions			
Satisfaction of restrictions	1,544,373	(1,544,373)	-
Total	1,823,562	(6,343)	1,817,219
EXPENSES			
Program	1,722,842	-	1,722,842
Total program expenses	1,722,842	-	1,722,842
Support expenses			
General and administration	320,567	-	320,567
Fundraising	19,060	-	19,060
Total support expenses	339,627	-	339,627
Total expenses	2,062,469	-	2,062,469
Change in net assets from operations	(238,907)	(6,343)	(245,250)
INVESTMENT ACTIVITIES			
Interest income	22,639	-	22,639
Total investment activities	22,639	-	22,639
Changes in net assets	(216,268)	(6,343)	(222,611)
Net assets - beginning of year	57,718	1,433,973	1,491,691
Net assets - end of year	\$ (158,550)	\$ 1,427,630	\$ 1,269,080

See accompanying notes and independent auditors' report

SHELTERING WINGS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program	General and Administration	Fundraising	Total
Payroll	\$ 39,525	\$ 158,099	\$ 10,401	\$ 208,025
Missions	1,677,399	-	-	1,677,399
Professional fees	-	14,657	-	14,657
Office	-	76,050	8,450	84,500
Board costs	-	3,200	-	3,200
Insurance	-	6,968	-	6,968
Travel and meetings	-	17,299	-	17,299
Utilities	-	5,002	-	5,002
Advertising	-	1,882	209	2,091
Bank fees	-	37,410	-	37,410
Rent	5,918	-	-	5,918
Total	<u>\$ 1,722,842</u>	<u>\$ 320,567</u>	<u>\$ 19,060</u>	<u>\$ 2,062,469</u>

See accompanying notes and independent auditors' report

SHELTERING WINGS, INC.
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ (222,611)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in payroll and other liabilities	35,702
Net cash provided by (used in) operating activities	<u>(186,909)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of certificates of deposit	(500,000)
Reinvestment of interest on certificate of deposit	<u>(20,546)</u>
Net cash provided by (used in) investing activities	<u>(520,546)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

None	<u>-</u>
Net cash provided by (used in) financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(707,455)
Cash and cash equivalents - beginning of year	<u>1,167,919</u>
Cash and cash equivalents - end of year	<u><u>\$ 460,464</u></u>

See accompanying notes and independent auditors' report

SHELTERING WINGS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Sheltering Wings Inc. (the "Organization") is organized as a nonprofit corporation. The Organization's purpose is to reach the lost and disenfranchised throughout the world and bring the reconciliation of Christ. The Organization ensures that individuals are properly equipped and sent to fulfill the work of the gospel in third world countries.

Basis of Accounting

The records of the Organization are maintained on the modified cash basis of accounting. The modified cash basis differs from generally accepted accounting principles primarily because certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. The modifications to the cash basis include certificates of deposit, prepaid insurance, property and equipment (when applicable), and certain payroll liabilities. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with the modified cash basis of accounting which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets 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. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets that are 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 the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of support, revenue, and expenses-modified cash basis.

Certificates of Deposit

Certificates of deposit held at banks with original maturities in excess of three months are reported at cost, which approximates fair market value, and are not considered cash equivalents.

SHELTERING WINGS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows-modified cash basis.

Contributed Services

The Organization receives a significant amount of contributed services from unpaid volunteers who assist in fundraising and special projects. When such services represent specialized skills that would be otherwise purchased and the value of the services can be readily ascertained, those values are recorded as contributed services and charged to the appropriate expense category in the financial statements. No amounts have been recognized in the statement of support, revenue, and expenses-modified cash basis because the criteria for recognition under current accounting standards have not been satisfied.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction, depending on the nature of the restriction, is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of support, revenue, and expenses-modified cash basis as net assets released from restrictions.

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Organization adopted the provisions of *Accounting for Uncertainty in Income Taxes* on January 1, 2011. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of December 31, 2023, no amounts have been recognized for uncertain tax positions. The Organization's tax returns filed for 2020 and prior are closed.

Measure of Operations

The statement of support, revenue, and expenses-modified cash basis reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's program services and support services. Non-operating activities are limited to resources that generate a return on investment and other activities considered to be of a more unusual or nonrecurring nature.

SHELTERING WINGS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates in the Financial Statements

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses-modified cash basis during the reporting period. Actual results could differ from those estimates.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2023 was \$2,091.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of support, revenue, and expenses-modified cash basis. Accordingly, certain costs have been allocated between general and administration, fundraising or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

Note 2 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2023:

Financial assets at year-end:

Cash and cash equivalents	\$ 460,464
Certificate of deposit	843,832
Total financial assets at year-end	<u>1,304,296</u>

Less amounts not available for general expenditures within one year:

Net assets with period restrictions in excess of one year	-
Net assets with purpose restrictions	1,427,630
Total amounts not available to meet general expenditures within one year	<u>1,427,630</u>

Financial assets available to meet general expenditures within one year	<u>\$ (123,334)</u>
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SHELTERING WINGS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 3 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 are restricted as follows:

	Purpose	Period
YAKO ministry	\$ 372,610	-
Kimini ministry	390,458	-
Banfora ministry	143,743	-
AIM ministry	104,570	-
Wilk ministry	52,767	-
Shroeder ministry	39,348	-
India ministry	3,856	-
Black ministry	16,185	-
Hottgrewe Sisters' ministry	12,447	-
Pratt Ministry	650	-
Wyman ministry	7,304	-
Tipton ministry	34,296	-
Öztürk, Ali and Kaylee E	112,042	-
Yildirim	12,785	-
Dennis	29,838	-
Marcum	70,874	-
Other ministries	23,857	-
Total	<u>\$ 1,427,630</u>	<u>\$ -</u>

Note 4 - CONCENTRATION OF CREDIT RISK

The Organization maintains deposit accounts and certificates of deposit at various banks. Each depositor is insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of December 31, 2023, the Organization's bank balance of cash deposits and certificates of deposit totaled \$1,302,189. Of the bank balances, \$341,225 was uninsured.

Note 5 - OPERATING LEASES

On September 9, 2022, the Organization entered into a 12-month lease agreement with Koch Rental Properties LLC for office space with monthly payments of \$500. The lease agreement reverted to a month-to-month agreement after the expiration of the original 12-month contract. The total lease expense associated with this agreement was \$5,500 for the year ended December 31, 2023.

SHELTERING WINGS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 5 - OPERATING LEASES (continued)

On September 12, 2023, the Organization entered into a month-to-month agreement with Investment Real Estate Group for a storage unit with monthly payments of \$35. The total lease expense associated with this agreement was \$418 for the year ended December 31, 2023.

Note 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 3, 2024, the date the financial statements were available to be issued, and noted no reportable events.