

Gospel Light Mennonite Church  
Medical Aid Plan, Inc.  
dba Liberty HealthShare  
*Financial Statements*

As of and for the Years Ended  
December 31, 2022 and 2021



Rea & associates

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Gospel Light Mennonite Church Medical Aid Plan, Inc.  
dba Liberty HealthShare  
Canton, Ohio

### **Report on the Audit of the Financial Statements**

#### Opinion

We have audited the financial statements of Gospel Light Mennonite Church Medical Aid Plan, Inc. dba Liberty HealthShare (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the Organization's financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the results of its activities 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2021 financial statements have been restated to correctly apply revenue recognition guidance in accordance with FASB ASU 2018-08, *Not for Profit Entities (Topic 985): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. 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 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 for the period of one year from the date of this report.

### 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 GAAS 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 GAAS, 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 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 judgment, 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.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
New Philadelphia, OH  
April 5, 2023

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2022 AND 2021

ASSETS		(RESTATED)
	2022	2021
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 23,029,479	\$ 17,196,000
Cash - restricted for member sharing	1,690,520	343,616
Accounts receivable - other	258,709	1,170,612
Deposits	54,000	48,418
Prepaid expenses	854,894	650,768
Total current assets	25,887,602	19,409,414
<b>PROPERTY AND EQUIPMENT:</b>		
Computers and equipment	1,752,239	1,729,855
Furniture and fixtures	393,627	397,686
Vehicles	60,368	28,183
Software	1,652,903	1,652,903
Building improvements	799,999	777,215
Buildings	2,572,777	2,572,777
Land improvements	214,196	214,196
Land	788,304	788,304
	8,234,413	8,161,119
Less: accumulated depreciation and amortization	3,923,738	3,461,429
	788,304	788,304
Construction in progress	3,039	-
Property and equipment, net	4,310,675	4,699,690
Total assets	\$ 30,201,316	\$ 24,109,104
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable - trade	\$ 247,279	\$ 120,129
Accounts payable - benefits due to or for members	1,289,842	-
Accrued expenses	827,626	1,004,098
Loan payable - Payroll Protection Program	-	3,063,755
Pension payable	-	182,361
Total current liabilities	2,364,747	4,370,343
<b>NET ASSETS:</b>		
Without donor restrictions	27,836,569	19,738,761
Total net assets	27,836,569	19,738,761
Total liabilities and net assets	\$ 30,201,316	\$ 24,109,104

The accompanying notes are an integral part of these financial statements.

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>(RESTATED) 2021</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES, GAINS AND OTHER SUPPORT:		
Dues - member sharing	\$ 239,543,491	\$ 319,756,954
Dues and fees - administrative	37,058,780	52,851,721
Interest income	31	161
Donation income	69,468	50,683
Other income	2,913,198	21,156
Total revenues, gains and other support	<u>279,584,968</u>	<u>372,680,675</u>
FUNCTIONAL EXPENSES:		
Program services	255,333,065	339,878,423
Supporting services:		
Management and general	14,377,920	17,836,011
Membership development	1,776,175	5,335,325
Total functional expenses	<u>271,487,160</u>	<u>363,049,759</u>
Change in net assets without donor restriction	8,097,808	9,630,916
BEGINNING OF YEAR, NET ASSETS	<u>19,738,761</u>	<u>10,107,845</u>
END OF YEAR, NET ASSETS	<u><u>\$ 27,836,569</u></u>	<u><u>\$ 19,738,761</u></u>

The accompanying notes are an integral part of these financial statements.

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services		Total
		Management and General	Membership Development	
Benefits paid to or for members	\$ 239,486,429	\$ -	\$ -	\$ 239,486,429
Payroll	10,011,379	5,236,176	-	15,247,555
Credit card fees	-	4,351,925	-	4,351,925
Advertising and marketing	3,241,363	-	-	3,241,363
Member development fees	-	-	1,776,175	1,776,175
Contract services	131,982	1,729,907	-	1,861,889
Software development	475,320	1,063,910	-	1,539,230
Employee benefits	703,033	367,702	-	1,070,735
Office supplies	625,009	327,474	-	952,483
Depreciation and amortization	-	503,907	-	503,907
Printing and reproduction	127,085	66,468	-	193,553
Insurance	-	177,452	-	177,452
Repairs and maintenance	-	175,092	-	175,092
Computer and internet	105,656	55,260	-	160,916
Public relations	153,647	-	-	153,647
Member programs	144,119	-	-	144,119
Utilities	-	98,443	-	98,443
Postage	93,510	4,194	-	97,704
Taxes	-	97,603	-	97,603
Telephone	4,799	69,312	-	74,111
Travel and conferences	29,398	15,376	-	44,774
Rent	-	15,009	-	15,009
Meals	336	14,358	-	14,694
Loss on disposal	-	7,488	-	7,488
Automobile	-	465	-	465
Bad debt	-	399	-	399
Total functional expenses	<u>\$ 255,333,065</u>	<u>\$ 14,377,920</u>	<u>\$ 1,776,175</u>	<u>\$ 271,487,160</u>

The accompanying notes are an integral part of these financial statements.

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021 (RESTATED)

	Program Services	Supporting Services		Total
		Management and General	Membership Development	
Benefits paid to or for members	\$ 319,745,669	\$ -	\$ -	\$ 319,745,669
Payroll	11,341,818	4,271,246	-	15,613,064
Credit card fees	-	5,729,423	-	5,729,423
Advertising and marketing	5,282,487	-	-	5,282,487
Member development fees	-	-	5,335,325	5,335,325
Contract services	651,011	2,118,506	-	2,769,517
Software development	1,164,075	1,131,068	-	2,295,143
Employee benefits	291,909	109,932	-	401,841
Office supplies	487,543	183,605	-	671,148
Depreciation and amortization	-	1,085,747	-	1,085,747
Printing and reproduction	143,384	53,986	-	197,370
Insurance	-	103,169	-	103,169
Repairs and maintenance	-	205,124	-	205,124
Computer and internet	134,886	50,769	-	185,655
Public relations	271,627	-	-	271,627
Member programs	148,414	-	-	148,414
Utilities	-	105,749	-	105,749
Postage	159,701	5,110	-	164,811
Taxes	-	98,273	-	98,273
Telephone	6,070	86,751	-	92,821
Travel and conferences	48,601	18,303	-	66,904
Rent	-	6,095	-	6,095
Meals	1,228	13,802	-	15,030
Miscellaneous	-	228	-	228
Automobile	-	239	-	239
Bad debt	-	2,458,886	-	2,458,886
Total functional expenses	<u>\$ 339,878,423</u>	<u>\$ 17,836,011</u>	<u>\$ 5,335,325</u>	<u>\$ 363,049,759</u>

The accompanying notes are an integral part of these financial statements.



GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>(RESTATED)</u> <u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 8,097,808	\$ 9,630,916
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation and amortization	503,907	1,085,747
Bad debt expense	399	2,458,886
Loss on disposal of property and equipment	10,578	-
Forgiveness of loan - Payroll Protection Program, net of cash received	(3,063,755)	-
Change in operating assets:		
Accounts receivable - other	(241,677)	(556)
Inventory	-	33,228
Deposits	(8,621)	14,589
Prepaid expenses	(204,126)	361,820
Change in operating liabilities		
Accounts payable - trade	127,150	(64,998)
Accounts payable - benefits due to or for members	1,289,842	-
Accrued expenses	(176,472)	(610,578)
Pension payable	(182,361)	(182,361)
Net cash from operating activities	<u>6,152,672</u>	<u>12,726,693</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY:</b>		
Purchase of property and equipment	(125,470)	(196,806)
Net cash from investing activity	<u>(125,470)</u>	<u>(196,806)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on loan - Payroll Protection Program	-	(1,153,181)
Receipts from loan reimbursement - Payroll Protection Program	1,153,181	-
Net cash from financing activities	<u>1,153,181</u>	<u>(1,153,181)</u>
Net increase in cash, cash equivalents and restricted cash	7,180,383	11,376,706
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR</b>	<u>17,539,616</u>	<u>6,162,910</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR</b>	<u><u>\$ 24,719,999</u></u>	<u><u>\$ 17,539,616</u></u>

The accompanying notes are an integral part of these financial statements.

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

Gospel Light Mennonite Church Medical Aid Plan, Inc., dba Liberty HealthShare (the “Organization”) is a not-for-profit organization located in Canton, Ohio that provides emotional and financial support to Christians during times of need. Participants share in the medical and end of life costs of other members who have joined together to aid each other. The Organization serves participants located throughout the United States who have a desire to share medical costs with other like-minded Americans. Participants are asked to share monthly and assistance will be provided when needed. The Organization is legally recognized by the CMS (Centers for Medicare and Medicaid Services) as a health care sharing ministry.

Basis of Accounting

The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net Assets

Net assets and related revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Contributions are recognized when the Organization receives an unconditional promise to give. Contributions received from members are deposited in two types of accounts. The portion of member contribution considered to be administrative fees are deposited in the Organization’s operating accounts and recognized as revenue when received. The portion of member contributions which are for member sharing funds are deposited into separate member sharing accounts, to be used only for sharing health care and end of life expenses, and recognized as revenue when received.

The accounts receivable balance was \$2,342,404 at January 1, 2021.

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing services have been summarized on a functional basis on the statements of activities and on the statements of functional expenses. Certain costs have been allocated among the program and support services that were benefitted.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Cash – Restricted for Member Sharing

The Organization determines and maintains cash accounts that are restricted for sharing of medical and end of life costs of members who have joined together to aid each other to share medical costs.

Uninsured Risk – Cash Deposits

The Organization maintains its cash and cash equivalent balances in two financial institutions located in Ohio and Michigan. Deposits in interest-bearing and non-interest-bearing accounts are collectively insured by the Federal Deposit Insurance Corporation (FDIC) up to a coverage limit of \$250,000 at each FDIC-insured depository institution. As a result, the Organization may have balances that exceed the insured limit.

Accounts Receivable

Receivables are carried at original invoice amount. Management periodically reviews accounts receivable to determine if any receivables will potentially be uncollectible. Receivables are charged to income when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The accounts receivable balance was \$16,875 at January 1, 2021.

The accounts receivable – other of \$1,170,612 as of December 31, 2021 consist substantially of Payroll Protection Program loan payments made during 2021 expected to be collected upon loan forgiveness. The loan was forgiven during 2022. See Note 8.

During the year ended December 31, 2021, the Organization determined that previous accounts receivable of \$2,342,404 and note receivable of \$116,482 due from Member Ministries were uncollectible and written off to bad debt expense.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in income.

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

Depreciation and amortization for financial reporting purposes is based on the following policies:

<u>Description</u>	<u>Useful Life</u>	<u>Method</u>
Computers and equipment	5 - 10 years	Straight-line
Furniture and fixtures	7 - 10 years	Straight-line
Vehicles	5 years	Straight-line
Software	3 - 7 years	Straight-line
Building improvements	10 - 40 years	Straight-line
Buildings	40 years	Straight-line
Land improvements	15 years	Straight-line

Accounts Payable – Benefits Due to or for Members

The Organization records a liability at the point in time the Organization approves medical and end of life costs for member sharing. The liability is relieved when benefit checks are issued or the funds are electronically withdrawn from the Cash – restricted for member sharing account.

Advertising

The Organization expenses all advertising and promotional costs when incurred. Advertising and marketing costs totaled \$3,241,363 and \$5,282,487 for the years ended December 31, 2022 and 2021, respectively.

Adoption of a New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-02, “Leases (Topic 842),” which specifies the accounting for leases. The objective is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. This ASU introduces the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. The guidance was effective for annual reporting periods beginning after December 15, 2021 and interim periods within those fiscal years. The adoption of the guidance did not have a material impact on the Organization.

Leases

The Organization applies Accounting Standards Codification (ASC) 842 in the accounting for leases. The Organization determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period in exchange for consideration. Upon identification and commencement of a lease, the Organization establishes a right-of-use (ROU) asset and a lease liability. The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal or termination options that the Organization is reasonably certain to exercise. The Organization does not recognize ROU assets and lease liabilities for leases with a term of 12 months or less. As a result of evaluating any contracts that may contain a lease, management of the Organization determined that ASC 842 does not have material impact on the Organization and therefore no ROU assets or lease liabilities are included in the financial statements.

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization qualifies under Section 501(c)(3) of the Internal Revenue Code as an organization exempt from federal income tax. In addition, the Organization qualifies for charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization treats tax positions taken using the more-likely-than-not recognition threshold. Tax positions are measured in the year that the Organization believes that the position is more-likely-than not to be sustained. Any positions that are not expected to be sustained will be recorded as a liability. Interest and penalties, if any, are recorded as operating expenses when incurred. The Organization does not believe that the effect of any of the tax positions taken would be material to the financial statements.

Currently the tax years that remain subject to examination by the Internal Revenue Service (IRS) are 2021, 2020, and 2019. As of the date of this report, the Organization has no knowledge of material modifications from the IRS.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation.

NOTE 2: RESTATEMENT OF DUES AND RELATED BENEFITS – MEMBER SHARING

The Organization has restated its previously issued 2021 financial statements for matters related to the following previously reported items: restricted cash; revenues; program service expenses; and revisions of previous policy regarding revenue recognition. The accompanying 2021 financial statements have been restated to reflect the corrections. Also, net assets as of January 1, 2021, was increased by \$332,331 as a result of cumulative adjustments to revenues and program service expenses not previously recognized.

The portion of member contributions which are for member sharing funds are received by the Organization on behalf of the members. Members participating in the sharing of medical costs grant variance power to management and the Board of Directors of the Organization to administer the program. Included, but not exclusive, in the responsibilities of the Organization is to assess whether medical bills submitted for sharing qualify under the program guidelines and for determining the amount of sharing that is appropriate for the successful continuation of the program. ASC 958-605 – *Revenue Recognition* specifies that a recipient entity which is explicitly granted variance power shall account for the receipt of funds by recognizing contribution revenue. Previously, the Organization disclosed, in the notes to the financial statements, the cash balance in member sharing accounts as of the beginning and end of each reporting year and disclosed the activity in the accounts for each reporting year. The Organization, however, did not recognize member contributions which are for member sharing funds as contributions in the Organization's financial statements. Also, the Organization did not previously recognize cash restricted for member sharing as an asset or disbursements for benefits paid to or for members as program service expenses.

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: RESTATEMENT OF DUES AND RELATED BENEFITS – MEMBER SHARING  
(CONTINUED)

The following is a summary of the restatements as of and for the year ended December 31, 2021:

*Statement of Financial Position*

Increase in Cash – restricted for member sharing	\$ 343,616
Increase in net assets without donor restrictions	\$ 343,616

*Statement of Activities*

Beginning of year, net assets (previously reported)	\$ 9,775,514
Cumulative effect of correction of error	<u>332,331</u>
Beginning of year, net assets (restated)	10,107,845
Change in net assets without donor restriction (previously reported)	9,619,631
Increase in revenues, gains and other support	319,756,954
Increase in program services expenses	<u>(319,745,669)</u>
Change in net assets without donor restriction (restated)	<u>9,630,916</u>
End of year, net assets (restated)	<u>\$ 19,738,761</u>

*Statement of Cash flows*

Beginning of year, cash and cash equivalents (previously reported)	\$ 5,830,579
Cumulative effect of correction of error	<u>332,331</u>
Beginning of year, cash, cash equivalents and restricted cash (restated)	6,162,910
Net increase in cash and cash equivalents (previously reported)	11,365,421
Increase in net assets	<u>11,285</u>
Net increase in cash, cash equivalents and restricted cash (restated)	<u>11,376,706</u>
End of year, cash, cash equivalents and restricted cash (restated)	<u>\$ 17,539,616</u>

NOTE 3: COMBINED MINISTRIES

By resolution of the Board of Directors, at a Special Meeting on December 28, 2018, the Organization accepted the inner-charity grant and transfer of all of the assets, employees and contracts of The National Coalition of Health Care Sharing Ministries, Inc. for the charitable purposes of promoting the Christian tradition of healthcare cost sharing to serve the socio-economic and spiritual needs of Liberty HealthShare members, which such Resolution was effective on January 1, 2019.

The National Coalition of Health Care Sharing Ministries, Inc. provided guidance and support to other health care sharing ministries throughout the United States. These groups are referred to as “Member Ministries.”

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: MEMBERS' SHARING FUNDS

During the year ended December 31, 2022, the Organization provided health care and end of life assistance to over 50,000 families.

The summarized activity in member sharing accounts for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Beginning of year balance available in all member sharing accounts	\$ 343,616	\$ 332,331
Additions:		
Funds contributed by members	239,543,491	319,756,954
Deductions:		
Medical needs and other assistance shared among members	<u>(239,486,429)</u>	<u>(319,745,669)</u>
End of year balance available in all member sharing accounts	<u>\$ 400,678</u>	<u>\$ 343,616</u>

The following is a reconciliation of the balance available in all member sharing accounts to the Organization's balance sheets as of December 31:

	<u>2022</u>	<u>2021</u>
Cash – restricted for member sharing	\$ 1,690,520	\$ 343,616
Accounts payable – benefits due to or for members	<u>(1,289,842)</u>	<u>-</u>
End of year balance available in all member sharing accounts	<u>\$ 400,678</u>	<u>\$ 343,616</u>

The Organization budgets for the medical sharing needs of its members. At the end of each month, share requests are calculated and tracked based upon member sharing contributions each month. The outstanding medical bills are tracked based upon the number of months of sharing needed to fulfill all requests as shown below:

	<u>2022</u>	<u>2021</u>
Average monthly sharing contributions from members	\$ 19,961,958	\$ 26,646,413
Months of contributions needed to fulfill all sharing requests	8.3 months	8.3 months

NOTE 5: DEFINED CONTRIBUTION PLAN

The Organization implemented a 403(b) defined contribution plan in 2017. All employees are eligible to participate in the plan. The Company may, at its discretion, make matching contributions. Matching contributions equal to 100% of the first 5% of the compensation that a participant contributes to the plan. During the years ended December 31, 2022 and 2021, the Organization contributed \$129,696 and \$353,441 in matching funds, respectively.

GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: CONTINGENCIES

The Organization is involved in various legal proceedings and claims arising in the course of business. The Organization currently believes that none of these matters, either individually or in the aggregate, is reasonably likely to have a material adverse effect on the financial condition, results of operations or liquidity of the Organization. However, because these legal proceedings are subject to inherent uncertainties and the outcome of such matters cannot be predicted with reasonable certainty, there can be no assurance that any one or more of these matters will not have a material adverse effect on our financial condition, results of operations and/or liquidity.

NOTE 7: LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of December 31, 2022 because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside by the Board of Directors (Board) for growth and sustainability of the Organization that could be drawn upon if the Board approves the action. The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Financial assets (Cash in banks)	\$ 24,719,999
Less: Assets unavailable for general expenditures:	
Benefits due to or for members	1,690,520
Restricted by donor	-
Designated by board for reserves	-
Financial assets available to meet cash needs	<u>\$ 23,029,479</u>

Liquidity Policy

As part of the Organization's liquidity management, it maintains a sufficient level of operating cash to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 8: COVID-19 AND GOVERNMENT ASSISTANCE

In 2020, there was a global outbreak of a new strain of coronavirus, COVID-19. The global and domestic response to the COVID-19 outbreak continues to evolve. The Organization is closely monitoring the impact of COVID-19 on all aspects of its business, including, but not limited to, how COVID may impact its customers, team members, business partners and distribution channels. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Organization's operations and liquidity is uncertain as of the date of this report. No adjustments have been made to the amounts reported in these financial statements as a result of this matter.



GOSPEL LIGHT MENNONITE CHURCH MEDICAL AID PLAN, INC.  
DBA LIBERTY HEALTHSHARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: COVID-19 AND GOVERNMENT ASSISTANCE (CONTINUED)

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

On April 17, 2020, the Organization entered into an agreement for government assistance under the Payroll Protection Program (PPP). At December 31, 2021 management elected to apply ASC 470 to the funds received as part of the PPP program. Therefore, the PPP Loan is reflected as debt within the financial statements at December 31, 2021. The unsecured PPP Loan had an initial principal amount of \$3,063,755. The Organization received formal notification of the release of the PPP loan on March 18, 2022. The forgiven amount of \$3,063,755 is included in other income, net of other expenses of \$150,557, for the year ended December 31, 2022.

NOTE 9: SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 5, 2023, which is the date the financial statements were available to be issued.