

**FAMILY LIFE MINISTRIES, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**FAMILY LIFE MINISTRIES, INC.**

**TABLE OF CONTENTS**

---

<b><u>AUDITED FINANCIAL STATEMENTS</u></b>	<b><u>PAGE</u></b>
INDEPENDENT AUDITORS' REPORT	1 - 2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES (WITH COMPARATIVE TOTALS FOR 2023)	4
STATEMENT OF FUNCTIONAL EXPENSES (WITH COMPARATIVE TOTALS FOR 2023)	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 13

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Family Life Ministries, Inc.  
Bath, New York

### Qualified Opinion

We have audited the accompanying financial statements of Family Life Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 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, except for the effects of not including certain right-of-use assets and lease liabilities, as described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Family Life Ministries, Inc. as of June 30, 2024, and the changes in 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 Qualified Opinion

As more fully described in Note 1 to the financial statements, the Organization has excluded from the accompanying statement of financial position certain right-of-use assets and lease liabilities that, in our opinion, should be included to conform with accounting principles generally accepted in the United States of America. Quantification of the effects on the financial statements of the preceding practice is not practicable.

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 Family Life 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 qualified audit opinion.

### Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization adopted ASC 326 "Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Statements". Our opinion is not modified with respect to that 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 Family Life 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 Family Life 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 Family Life 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.

## **Report on Summarized Comparative Information**

We have previously audited Family Life Ministries, Inc.'s 2023 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated January 18, 2024. Our report was qualified for the exclusion of certain right-of-use assets and lease liabilities from those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*EFPR Group, CPAs, PLLC*

EFPR Group, CPAs, PLLC  
Corning, New York  
November 14, 2024

**FAMILY LIFE MINISTRIES, INC.**  
**Statements of Financial Position**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 302,619	\$ 1,262,804
Accounts receivable - net of allowance for credit losses of \$225 at June 30, 2024 and 2023.	55,647	59,931
Prepaid expenses	393,135	233,544
Investments	114,745	192,059
Certificates of deposit	<u>-</u>	<u>769,794</u>
Total current assets	866,146	2,518,132
<b>Property and Equipment - Net</b>	11,398,047	8,817,317
<b>Other Assets</b>		
Other long term assets	8,110,181	8,455,181
Assets held under split-interest agreement	<u>26,160</u>	<u>25,035</u>
Total other assets	<u>8,136,341</u>	<u>8,480,216</u>
<b>Total Assets</b>	<b><u>\$ 20,400,534</u></b>	<b><u>\$ 19,815,665</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 260,670	\$ 128,127
Accrued expenses	16,000	13,728
Deferred revenue	77,329	59,197
Notes payable - current portion	<u>220,040</u>	<u>210,269</u>
Total current liabilities	574,039	411,321
<b>Long-Term Liabilities</b>		
Notes payable - net of current portion	177,500	325,006
Liability under split-interest agreement	<u>17,979</u>	<u>18,674</u>
Total long-term liabilities	<u>195,479</u>	<u>343,680</u>
<b>Total Liabilities</b>	<u>769,518</u>	<u>755,001</u>
<b>Net Assets</b>		
Net assets without donor restriction	19,334,961	17,653,883
Net assets with donor restriction	<u>296,055</u>	<u>1,406,781</u>
Total net assets	<u>19,631,016</u>	<u>19,060,664</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 20,400,534</u></b>	<b><u>\$ 19,815,665</u></b>

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

**FAMILY LIFE MINISTRIES, INC.**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**  
**(With Comparative Totals for the Year Ended June 30, 2023)**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2024</u>	<u>Total 2023</u>
<b>Public Support and Revenue</b>				
Public Support				
Contributions	\$ 5,555,733	\$ -	\$ 5,555,733	\$ 5,666,718
Capital campaign contributions	-	1,059,234	1,059,234	1,136,222
Ministry activity gifts	<u>20,321</u>	<u>-</u>	<u>20,321</u>	<u>22,609</u>
Total public support	<u>5,576,054</u>	<u>1,059,234</u>	<u>6,635,288</u>	<u>6,825,549</u>
<b>Revenue</b>				
Program / event revenue	557,501	-	557,501	554,542
Radio program sponsor / announcements	856,404	-	856,404	817,322
Sales - website ads & merchandise	12,855	-	12,855	24,923
Employee retention credit	-	-	-	588,282
Interest earned	45,470	858	46,328	17,641
Miscellaneous income	-	-	-	695
Rental income	50,259	-	50,259	38,866
Ministry activity fee	90,853	-	90,853	77,297
Unrealized and realized gain (loss) on investments	(11,799)	1,667	(10,132)	68,005
Loss on sale of assets	<u>(103,593)</u>	<u>-</u>	<u>(103,593)</u>	<u>-</u>
Total revenue	1,497,950	2,525	1,500,475	2,187,573
Net assets released from restrictions	<u>2,172,485</u>	<u>(2,172,485)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>9,246,489</u>	<u>(1,110,726)</u>	<u>8,135,763</u>	<u>9,013,122</u>
<b>Expenses</b>				
Program services				
Christian radio programming	3,999,579	-	3,999,579	4,440,974
Christian family activities	2,401,053	-	2,401,053	1,656,857
Supporting services				
Management and general	767,695	-	767,695	711,766
Fundraising	<u>397,084</u>	<u>-</u>	<u>397,084</u>	<u>365,780</u>
Total expenses	<u>7,565,411</u>	<u>-</u>	<u>7,565,411</u>	<u>7,175,377</u>
<b>Change in Net Assets</b>	1,681,078	(1,110,726)	570,352	1,837,745
<b>Net Assets - Beginning</b>	<u>17,653,883</u>	<u>1,406,781</u>	<u>19,060,664</u>	<u>17,222,919</u>
<b>Net Assets - Ending</b>	<u>\$ 19,334,961</u>	<u>\$ 296,055</u>	<u>\$ 19,631,016</u>	<u>\$ 19,060,664</u>

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

**FAMILY LIFE MINISTRIES, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2024**  
**(With Comparative Totals for the Year Ended June 30, 2023)**

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>				<u>Total 2024</u>	<u>Total 2023</u>
	<u>Christian Radio Programming</u>	<u>Christian Family Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Support Services</u>			
Salaries	\$ 1,495,747	\$ 1,163,359	\$ 2,659,106	\$ 498,582	\$ 166,194	\$ 664,776	\$ 3,323,882	\$ 3,092,174	
Travel allowance	32,386	25,189	57,575	10,795	3,598	14,393	71,968	63,699	
Life/health insurance	292,249	227,305	519,554	97,416	32,472	129,888	649,442	534,839	
Employer's insurance	15,444	12,012	27,456	5,148	1,716	6,864	34,320	36,517	
Pension	23,294	18,118	41,412	7,765	2,588	10,353	51,765	46,601	
Payroll taxes	<u>115,672</u>	<u>89,967</u>	<u>205,639</u>	<u>38,557</u>	<u>12,852</u>	<u>51,409</u>	<u>257,048</u>	<u>230,333</u>	
Total salaries and related expenses	1,974,792	1,535,950	3,510,742	658,263	219,420	877,683	4,388,425	4,004,163	
Activities and program expense	576,638	247,130	823,768	-	-	-	823,768	839,132	
Professional fees	239,439	119,720	359,159	39,907	-	39,907	399,066	400,750	
Office expense	135,836	67,918	203,754	18,112	4,528	22,640	226,394	215,238	
Occupancy	59,320	192,791	252,111	29,660	14,830	44,490	296,601	280,721	
Radio tower site expense	586,160	-	586,160	-	-	-	586,160	617,709	
Vehicle expense	19,143	39,156	58,299	21,753	6,961	28,714	87,013	103,098	
Printing and publications	26,998	9,818	36,816	-	12,272	12,272	49,088	46,991	
Miscellaneous	66,170	24,062	90,232	-	30,078	30,078	120,310	75,716	
Interest	6,219	-	6,219	-	-	-	6,219	7,361	
Fundraising	-	-	-	-	28,418	28,418	28,418	26,560	
Bad debt expense	-	-	-	-	-	-	-	-	
Dues and licenses	<u>13,415</u>	<u>3,354</u>	<u>16,769</u>	-	-	-	<u>16,769</u>	<u>12,974</u>	
Total expenses before depreciation	3,704,130	2,239,899	5,944,029	767,695	316,507	1,084,202	7,028,231	6,630,413	
Depreciation	<u>295,449</u>	<u>161,154</u>	<u>456,603</u>	-	<u>80,577</u>	<u>80,577</u>	<u>537,180</u>	<u>544,964</u>	
Total expense	<u>\$ 3,999,579</u>	<u>\$ 2,401,053</u>	<u>\$ 6,400,632</u>	<u>\$ 767,695</u>	<u>\$ 397,084</u>	<u>\$ 1,164,779</u>	<u>\$ 7,565,411</u>	<u>\$ 7,175,377</u>	

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

**FAMILY LIFE MINISTRIES, INC.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 570,352	\$ 1,837,745
Adjustments		
Depreciation	537,180	544,964
Loss on sale of assets	103,593	-
Unrealized and realized (gain) loss on investments	(10,132)	(68,005)
Donated investments and other assets	-	(460,159)
Accrued interest on notes payable	2,683	8,405
Interest expense on split interest agreement liability	704	100
Changes in assets and liabilities		
Accounts receivable	4,284	(11,075)
Prepaid expenses	(159,591)	29,090
Accounts payable	132,543	50,378
Accrued expenses	2,272	3,914
Deferred revenue	<u>18,132</u>	<u>13,427</u>
Net cash flows from operating activities	<u>1,202,020</u>	<u>1,948,784</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of intangibles	(15,000)	(1,126,302)
Purchase of property and equipment	(3,134,498)	(1,043,171)
Purchase of investments	(6,836)	(772,424)
Proceeds from sale of intangibles	250,000	-
Proceeds from sale of investments	112,070	586,149
Proceeds from maturities of certificates of deposit	<u>769,794</u>	<u>-</u>
Net cash flows from investing activities	<u>(2,024,470)</u>	<u>(2,355,748)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from notes payable	-	300,000
Repayment of notes payable	<u>(137,735)</u>	<u>(277,800)</u>
Net cash flows from financing activities	<u>(137,735)</u>	<u>22,200</u>
<b>Net Change in Cash and Cash Equivalents</b>	(960,185)	(384,764)
<b>Cash and Cash Equivalents - Beginning</b>	<u>1,262,804</u>	<u>1,647,568</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 302,619</u>	<u>\$ 1,262,804</u>
<b>Noncash Activities</b>		
Noncash acquisition of intangibles received in trade	<u>\$ 46,000</u>	<u>\$ -</u>
Noncash disposition of intangibles given in trade	<u>\$ (46,000)</u>	<u>\$ -</u>

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



**FAMILY LIFE MINISTRIES, INC.**  
**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies and Nature of Organization**

**Nature of Organization** - Family Life Ministries, Inc. (the "Organization") is a not-for-profit organization providing direct services for Christian youth and families and operates Christian radio stations serving New York and Pennsylvania, as well as world-wide via the Internet.

**Method of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**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. Actual results could differ from those estimates.

**Basis of Presentation** - The Organization reports information regarding its net assets and changes therein in the following categories: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization or are required to be held in perpetuity. The Organization had \$296,055 and \$1,406,781 of net assets with donor restrictions at June 30, 2024 and 2023, respectively.

**Liquidity** - The Organization has \$473,011 of financial assets available within one year of the statement of financial position date consisting of \$302,619 of cash, \$114,745 of investments, and \$55,647 of accounts receivable. \$296,055 of these financial assets are subject to donor or contractual restrictions that would make them unavailable for general expenditures within one year of the statement of financial position date.

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits. At June 30, 2024, the organization had \$32,871 in excess of federally insured limits.

**Accounts Receivable and Allowance for Credit Losses** - At the beginning of fiscal year 2024, the Organization adopted Accounting Standards Codification 326, *Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*, as amended which modifies the measurement of expected credit losses on certain financial instruments, including accounts receivable, and requires organizations to measure all expected credit losses for financial instruments based on historical experience, current conditions, and reasonable and supportable forecasts of collectability. The Organization adopted this new standard utilizing the modified retrospective transition method. The cumulative effect of adopting ASC 326 resulted in no change to beginning retained earnings as of July 1, 2023.

Accounts receivable are uncollateralized obligations due under normal trade terms. Accounts receivable are stated at the amount management expects to collect. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses and a credit to receivables. Management estimates its allowance for credit losses and bad debts based on their assessment of collectibility of receivables and prior experience. The balance of the allowance for credit losses was \$225 at June 30, 2024 and 2023.

**FAMILY LIFE MINISTRIES, INC.**  
**Notes to Financial Statements**

---

**Property and Equipment** - All equipment, furniture and fixtures are stated at cost, if purchased, and at fair value, if donated. Routine maintenance and repair costs are charged to operations as they are incurred. Expenditures over \$1,000, which extend the useful life of an asset, are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operations. Construction in progress is not depreciated until placed in service. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	5 - 40 Years
Machinery and equipment	3 - 15 Years
Vehicles	5 Years

**Goodwill** - Goodwill represents the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. The Organization accounts for its goodwill in accordance with ASC 350-20, which requires the Organization to test goodwill for impairment annually or whenever events change or circumstances indicate that the carrying value of the asset may not be recoverable. Management determined that the value of the goodwill is not impaired at June 30, 2024 and 2023.

**Broadcasting Rights** - The Organization obtains broadcasting rights for radio broadcasts to listeners in various locations. The Organization accounts for its broadcasting rights in accordance with ASC 350-30, which requires the Organization to test other assets for impairment annually or whenever events change or circumstances indicate that the carrying value of the asset may not be recoverable. Management determined that the value of the broadcasting rights are not impaired at June 30, 2024 and 2023.

**Contributions** - In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made". ASU 2018-08 provides clarification for determining if grants and contracts should be considered contributions or exchange transactions, as well as guidance for determining if a contribution is conditional.

Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of the donor conditions. When a 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. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

**Revenue Recognition** - On July 1, 2020, the Organization adopted ASU 2014-09, "Revenue from Contracts with Customers", which provides guidance for revenue recognition that superseded the revenue recognition requirements in Accounting Standards Codification (ASC) Topic 605, Revenue Recognition ("Topic 605") and most industry specific guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for these goods or services. The Organization has analyzed the provisions of the ASU 2014-09 and has concluded that no changes are necessary to conform with the new standard. The Organization utilizes a five-step framework as identified in ASU 2014-09. The Organization derives its contract revenues from programming sponsors, program and event fees and ministry activity fees. These revenues are recognized at a point in time, when earned.

Accounts receivable were as follows at June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Accounts receivable	<u>\$55,647</u>	<u>\$59,931</u>	<u>\$48,856</u>

**FAMILY LIFE MINISTRIES, INC.**  
**Notes to Financial Statements**

---

**Leases** - Accounting Standards Codification (ASC) 842 - "Leases" require that certain contracts containing leases be recognized on the balance sheet as right-of-use assets and lease liabilities and was effective for the year ended December 31, 2022. The Organization has reviewed the requirements of ASC 842 and determined that adoption of ASC 842 would not be cost beneficial for the Organization. Accordingly, the Organization has presented leases in the accompanying financial statements in accordance with the prior guidance (ASC 840).

**Functional Expenses** - Expenses are charged to each program, management and general or fundraising based on direct expenditures incurred. Any program expenditures not directly charged are allocated based on estimates of resource application and usage.

**Income Taxes** - Family Life Ministries, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income.

In accordance with ASC 740-10-50 the Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Organization is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on the Organization's financial statements.

**Split-interest Agreements** - The Organization serves as trustee for an irrevocable charitable remainder trust. Assets held in the trust are reported separately on the statement of financial position. The obligation to make payments to the trust beneficiaries is reported as obligations under split-interest liabilities. When trusts are established, the assets transferred to the organization are recognized at their fair value, and a liability is established for the present value of the estimated future payments to be made to beneficiaries. The difference between those two amounts is recognized as a contribution with donor restrictions. Annually, the obligation is adjusted for changes in the value of the trust assets and actuarial changes in the estimates of future benefits.

**Comparative Information** - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**Subsequent Events** - In accordance with ASC 855-10, the Organization evaluated subsequent events through the date of the report which is the date these financial statements were available to be issued.

**Note 2. Investments**

The Organization has determined fair value of investments by classifying assets into one of three levels. The three levels of inputs that were used to measure fair value were:

**Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

**Level 2:** Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**FAMILY LIFE MINISTRIES, INC.**  
**Notes to Financial Statements**

The following is a description of the valuation and methodologies used for assets measured at fair value:

**Common Stocks and ETF Securities:** valued at the closing price reported in the active market in which the investment is actively traded at year-end (Level 1).

**Mutual Funds:** Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded (Level 1).

Investments consisted of the following at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 4,908	\$ -	\$ -	\$ 4,908
Bond funds	15,402	-	-	15,402
Equity funds	28,460	-	-	28,460
Exchange traded funds	<u>92,135</u>	<u>-</u>	<u>-</u>	<u>92,135</u>
Total	<u>\$ 140,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,905</u>

Investments consisted of the following at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 3,110	\$ -	\$ -	\$ 3,110
Bond funds	18,869	-	-	18,869
Equity funds	24,618	-	-	24,618
Exchange traded funds	82,669	-	-	82,669
Common stocks				
Technology	60,069	-	-	60,069
Industrials	17,828	-	-	17,828
Healthcare	<u>9,931</u>	<u>-</u>	<u>-</u>	<u>9,931</u>
Total	<u>\$ 217,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,094</u>

**Note 3. Fixed Assets**

Fixed assets consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 2,169,577	\$ 1,029,677
Buildings	2,063,914	3,044,797
Machinery and equipment	7,225,265	6,223,163
Vehicles	486,700	407,711
Construction in progress	<u>5,979,179</u>	<u>4,482,638</u>
Sub-total	17,924,635	15,187,986
Less, accumulated depreciation	<u>(6,526,588)</u>	<u>(6,370,669)</u>
Property and equipment - net	<u>\$ 11,398,047</u>	<u>\$ 8,817,317</u>

During the year ended June 30, 2024, the Organization reclassified \$1,139,900 from buildings to land.

**FAMILY LIFE MINISTRIES, INC.**  
**Notes to Financial Statements**

**Note 4. Other Assets**

A summary of other assets consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Broadcasting rights	\$ 8,021,274	\$ 8,366,274
Goodwill	88,907	88,907
Total	<u>\$ 8,110,181</u>	<u>\$ 8,455,181</u>

**Note 5. Employee Retention Credit**

During the year ended June 30, 2021, the Organization qualified to receive a refundable tax credit of \$673,476 for the Employee Retention Credit under the CARES Act. The calculation used to determine the refundable tax credit was based on financial activity as of June 30, 2021. During the year ended June 30 2022, the Organization received \$109,471. During the year ended June 30, 2023 the Organization received \$588,282, which is shown on the 2023 Statement of Activities as Employee Retention Credit.

**Note 6. Notes Payable**

Notes payable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Note payable from an individual, unsecured, interest originally was 3.0%, but changed to 0%. Originally interest accrued twice a year and was added back to note balance, but when interest was changed all previously accrued interest was forgiven. Payment is due within ninety days of written notice. Original note was \$10,000.	\$ 10,000	\$ 10,000
Note payable from an individual, unsecured, interest at 1.81%, due on December 12, 2027. Original note was \$500,000.	201,810	252,262
Note payable from an individual, unsecured, interest at 1.81%, due on October 31, 2024. Original note was \$400,000	48,080	95,363
Note payable from an individual, unsecured, interest at 3.0%. Note is payable within ninety days of written notice. Interest accrues twice a year. Original note was \$10,000.	10,150	10,150
Note paid in full.	-	10,000
Note payable from an individual, unsecured, interest originally at 3.0%, but changed to 0%. Interest was forgiven in 2019. Principal was originally due February 1, 2020 and is now due February 1, 2025. Original note was \$20,000.	20,000	20,000
Note payable from a limited liability company, unsecured, interest at 0%, due on January 31, 2028 .	107,500	137,500
Total	<u>397,540</u>	<u>535,275</u>
Less, current portion	<u>(220,040)</u>	<u>(210,269)</u>
Long-term portion	<u>\$ 177,500</u>	<u>\$ 325,006</u>

**FAMILY LIFE MINISTRIES, INC.**  
**Notes to Financial Statements**

---

As a majority of the Organization's notes payable are due shortly after demand, that portion of the note is considered potentially currently due or payable within one year.

Notes payable are payable in each of the next five years as follows:

2025		\$ 220,040
2026		80,000
2027		80,000
2028		17,500
2029		-
Total		\$ 397,540

**Note 7. Supplemental Cash Flow Information**

	<u>2024</u>	<u>2023</u>
Interest paid	\$ <u>6,219</u>	\$ <u>7,260</u>

**Note 8. Retirement Plan**

Family Life Ministries, Inc., has established a 403(b) retirement plan covering all employees of the Organization over 18 years of age that have completed six months of service. The plan allows for employee contributions to the plan up to the maximum allowed by the Internal Revenue Code. The Organization contributes a matching contribution of one dollar for every dollar of a participant's elective deferral up to two percent of each employee's annual salary. The Organization contributed \$51,765 and \$46,601 in the years ended June 30, 2024 and 2023, respectively.

**Note 9. Related Party Transactions**

The Organization purchased graphics services from a Company (the "Company") owned by a member of the Organization's board of directors. Expenses paid to the Company for graphics services for the years ended June 30, 2024 and 2023 amounted to \$106,750 and \$109,422, respectively. Amounts due to the Company from the Organization amounted to \$13,723 and \$- at June 30, 2024 and 2023, respectively.

**Note 10. Split-Interest Agreements**

The Organization has a charitable gift annuity plan whereby donors may contribute assets in exchange for the right to receive a fixed-dollar periodic payment of the gift assets during their lifetimes. Payments begin in accordance with the timing stipulated in the gift annuity contracts. The difference between the original annuity amount invested and the discounted liability for future payments, determined on an actuarial basis, is recognized as contribution revenue at the date of the gift. The liability is revalued annually using present value calculations based on actuarial tables and discount rates. At June 30, 2024 and 2023 the discount rate was 3.825%

The gift annuity program recorded as an asset totaled \$26,160 and \$25,035 at June 30, 2024 and 2023, respectively. The related liability was \$17,979 and \$18,764 as of June 30, 2024 and 2023, respectively. Assets held under charitable gift annuities and the related liabilities are reported separately on the accompanying statement of financial position. Contribution revenue totaled \$6,077 for the year ended June 30, 2023 and is included in the statement of activities.

**FAMILY LIFE MINISTRIES, INC.**  
**Notes to Financial Statements**

---

**Note 11. Commitments**

The Organization leases various equipment for its radio operations with payments due monthly, quarterly or annually, depending on the individual lease. Lease payments for the years ended June 30, 2024 and 2023 were approximately \$264,000 and \$273,000, respectively.

The Organization entered into an agreement to purchase three radio stations for \$150,000. A down payment of \$15,000 was made upon execution of the asset purchase agreement. As of June 30, 2024, the purchase had not been completed.

**Note 12. Subsequent Events**

Subsequent to June 30, 2024, the Organization borrowed approximately \$677,000 to fund various construction projects and station purchases.