# ARIEL MINISTRIES

## FINANCIAL STATEMENTS

**December 31, 2023 and 2022**

# ARIEL MINISTRIES
## FINANCIAL STATEMENTS
### December 31, 2023 (Audited) and 2022 (Reviewed)

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ariel Ministries
San Antonio, Texas

**Opinion**

We have audited the accompanying financial statements of Ariel Ministries (the Organization), a non-profit organization, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in conformity 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.

**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 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, including omissions, 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 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.

**Report on Summarized Comparative Information**

We have previously reviewed the Organization's 2022 financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we did not express such an opinion on those reviewed financial statements in our report dated July 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Randy Walker & Co.

San Antonio, Texas
August 28, 2024

# ARIEL MINISTRIES
## STATEMENTS OF FINANCIAL POSITION
## December 31, 2023 (Audited) and 2022 (Reviewed)

| | | 2023 (Audited) | | 2022 (Reviewed) (Restated) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **CURRENT ASSETS** | | | | |
| Cash and Cash Equivalents | $ | **1,798,731** | $ | 1,675,090 |
| Contributions Receivable | | **53,616** | | 211,082 |
| Accounts Receivable | | **1,725** | | - |
| Inventory | | **131,846** | | 156,707 |
| **TOTAL CURRENT ASSETS** | | **1,985,918** | | 2,042,879 |
| **LONG-TERM ASSETS** | | | | |
| Investments | | **19,175** | | 12,849 |
| Property and Equipment - net | | **2,915,282** | | 2,862,053 |
| Finance Lease Right-of-Use Asset - net | | **33,055** | | 56,387 |
| **TOTAL LONG-TERM ASSETS** | | **2,967,512** | | 2,931,289 |
| **TOTAL ASSETS** | $ | **4,953,430** | $ | 4,974,168 |
| **LIABILITIES AND NET ASSETS** | | | | |
| **CURRENT LIABILITIES** | | | | |
| Accounts Payable | $ | **132,417** | $ | 34,744 |
| Accrued Expenses | | **83,804** | | 64,526 |
| Post-Retirement Benefit Obligations - current | | **58,671** | | 58,671 |
| Finance Lease Payable - current | | **23,976** | | 23,976 |
| **TOTAL CURRENT LIABILITIES** | | **298,868** | | 181,917 |
| **LONG-TERM LIABILITIES** | | | | |
| Post-Retirement Benefit Obligations - long-term | | **539,775** | | 598,451 |
| Finance Lease Payable - long-term | | **11,719** | | 35,695 |
| **TOTAL LONG-TERM LIABILITIES** | | **551,494** | | 634,146 |
| **TOTAL LIABILITIES** | | **850,362** | | 816,063 |
| **NET ASSETS** | | | | |
| Without Donor Restrictions: | | | | |
| Undesignated | | **3,069,213** | | 3,170,998 |
| Board-Designated | | **-** | | 65,708 |
| With Donor Restrictions | | **1,033,855** | | 921,399 |
| **TOTAL NET ASSETS** | | **4,103,068** | | 4,158,105 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ | **4,953,430** | $ | 4,974,168 |

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

# ARIEL MINISTRIES
## STATEMENT OF ACTIVITIES
### For the Year Ended December 31, 2023 (Audited)
### (summarized for 2022 - Reviewed)

| | 2023 | | | |
|---|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total (Audited)** | 2022 Total (Reviewed) (Restated) |
| **OPERATING REVENUE AND SUPPORT** | | | | |
| Contributions | $ 1,786,870 | $ 706,787 | **$ 2,493,657** | $ 2,655,671 |
| Program Fees | 760,056 | - | **760,056** | 622,216 |
| Interest Income | 25,360 | - | **25,360** | 5,472 |
| Other Income | 11,840 | - | **11,840** | 7,489 |
| Net Assets Released from Restrictions | 594,331 | (594,331) | **-** | - |
| **TOTAL OPERATING REVENUE AND SUPPORT** | 3,178,457 | 112,456 | **3,290,913** | 3,290,848 |
| **OPERATING EXPENSES** | | | | |
| Program | 2,558,210 | - | **2,558,210** | 2,038,283 |
| General and Administrative | 688,267 | - | **688,267** | 558,663 |
| Fundraising | 103,471 | - | **103,471** | 82,293 |
| **TOTAL OPERATING EXPENSES** | 3,349,948 | - | **3,349,948** | 2,679,239 |
| **CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES** | (171,491) | 112,456 | **(59,035)** | 611,609 |
| **NON-OPERATING ACTIVITIES** | | | | |
| Investment Income (Loss) - net | 3,998 | - | **3,998** | (3,513) |
| Post-Retirement Benefit Obligation | - | - | **-** | (538,159) |
| **TOTAL NON-OPERATING ACTIVITIES** | 3,998 | - | **3,998** | (541,672) |
| **CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITIES** | (167,493) | 112,456 | **(55,037)** | 69,937 |
| **NET ASSETS, Beginning of Year (Restated)** | 3,236,706 | 921,399 | **4,158,105** | 4,088,168 |
| **NET ASSETS, End of Year** | $ 3,069,213 | $ 1,033,855 | **$ 4,103,068** | $ 4,158,105 |

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

# ARIEL MINISTRIES
## STATEMENT OF FUNCTIONAL EXPENSES
## For the Year Ended December 31, 2023 (Audited)
## (summarized for 2022 - Reviewed)

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | **Program** | **General and Administrative** | **Fundraising** | **Total (Audited)** | Total (Reviewed) |
| **OPERATING EXPENSES** | | | | | |
| Salaries and Wages | $ 615,684 | $ 288,602 | $ 57,720 | **$ 962,006** | $ 776,564 |
| Employee Benefits | 66,767 | 29,788 | 6,163 | **102,718** | 114,790 |
| Payroll Taxes | 34,605 | 25,954 | 1,236 | **61,795** | 52,781 |
| Total Payroll Expenses | 717,056 | 344,344 | 65,119 | **1,126,519** | 944,135 |
| Mission Support | 587,553 | - | - | **587,553** | 394,745 |
| Cost of Goods Sold | 356,163 | - | - | **356,163** | 302,153 |
| Travel | 221,321 | 26,038 | 13,019 | **260,378** | 155,543 |
| Supplies | 245,154 | 12,903 | - | **258,057** | 153,977 |
| Marketing and Website | 66,995 | 53,595 | 13,399 | **133,989** | 133,588 |
| Depreciation | 119,463 | 13,274 | - | **132,737** | 119,307 |
| Professional Fees | 4,588 | 82,588 | 4,588 | **91,764** | 41,450 |
| Repairs and Maintenance | 61,532 | 9,195 | - | **70,727** | 97,150 |
| Utilities | 51,004 | 16,321 | 680 | **68,005** | 54,735 |
| Occupancy | 35,561 | 29,096 | - | **64,657** | 20,593 |
| Insurance | 28,709 | 9,569 | - | **38,278** | 33,199 |
| Postage and Delivery | 17,333 | 8,666 | 2,889 | **28,888** | 27,122 |
| Bank and Credit Card Fees | - | 26,860 | - | **26,860** | 22,015 |
| Amortization | 10,499 | 10,033 | 2,800 | **23,332** | 23,332 |
| Telephone | 18,527 | 3,270 | - | **21,797** | 48,346 |
| License and Permit Fees | 1,078 | 20,477 | - | **21,555** | 7,944 |
| Interest | - | 16,456 | - | **16,456** | 18,139 |
| Contract Services | 8,400 | - | - | **8,400** | 65,840 |
| Equipment | 3,197 | 3,055 | 852 | **7,104** | 10,657 |
| Payroll Fees | 4,077 | 2,070 | 125 | **6,272** | 4,243 |
| Miscellaneous | - | 457 | - | **457** | 1,026 |
| **TOTAL OPERATING EXPENSES** | $ 2,558,210 | $ 688,267 | $ 103,471 | **$ 3,349,948** | $ 2,679,239 |

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

# ARIEL MINISTRIES

## STATEMENTS OF CASH FLOWS

### For the Years Ended December 31, 2023 (Audited) and 2022 (Reviewed)

| | | 2023 (Audited) | | 2022 (Reviewed) (Restated) |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Change in Net Assets | **$** | **(55,037)** | $ | 69,937 |
| Adjustments to Reconcile Net Change to Net Cash Provided by Operations: | | | | |
| Depreciation | | **132,737** | | 119,307 |
| Donated Stock | | **(2,328)** | | (4,568) |
| Unrealized (Gain) Loss on Investments | | **(3,841)** | | 3,639 |
| Amortization | | **23,332** | | 23,332 |
| Decrease (Increase) in Assets: | | | | |
| Contributions Receivable | | **157,466** | | (211,082) |
| Inventory | | **24,861** | | (111,507) |
| Accounts Receivable | | **(1,725)** | | - |
| Increase (Decrease) in Liabilities: | | | | |
| Accounts Payable | | **97,673** | | (899) |
| Accrued Expenses | | **19,278** | | 21,392 |
| Post-Retirement Benefit Obligation | | **-** | | 538,159 |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | | **392,416** | | 447,710 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Cash Purchases of Property and Equipment | | **(185,966)** | | (89,404) |
| Purchase of Investments | | **(157)** | | (126) |
| **NET CASH USED BY INVESTING ACTIVITIES** | | **(186,123)** | | (89,530) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Repayments on Post-Retirement Benefit Obligations | | **(58,676)** | | (57,940) |
| Payments on Finance Lease Obligation | | **(23,976)** | | (23,011) |
| **NET CASH USED BY FINANCING ACTIVITIES** | | **(82,652)** | | (80,951) |
| **NET INCREASE IN CASH FLOWS** | | **123,641** | | 277,229 |
| **CASH AND CASH EQUIVALENTS, Beginning of Year** | | **1,675,090** | | 1,397,861 |
| **CASH AND CASH EQUIVALENTS, End of Year** | **$** | **1,798,731** | $ | 1,675,090 |
| **SUPPLEMENTAL DISCLOSURES:** | | | | |
| Interest Paid | **$** | **16,456** | $ | 18,139 |

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

## NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

*Basis of Accounting*

The financial statements of Ariel Ministries (the Organization) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

*Organization and Nature of Activities*

Ariel Ministries was formed as a 501(c)(3) non-profit organization in December 1977 in San Antonio, Texas to evangelize and disciple Jewish people through intensive Bible teaching from a Messianic Jewish perspective. Ariel Ministries' programs include Bible study camps and courses, tours, book publishing, and sales and distribution of Christian literature.

*Basis of Presentation*

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- Net Assets Without Donor Restrictions – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that are more restrictive than the Organization's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

*Income Taxes*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, as such, qualifies for the maximum charitable contribution deduction by donors. As of December 31, 2023, the tax years that remain subject to examination by taxing authorities begin with 2020.

*Inventory*

Inventory consists of books stated at lower of cost or market. The value of inventory at December 31, 2023 and 2022 was $131,846 and $156,707, respectively.

*Property and Equipment*

Purchased property and equipment are stated at cost. Donated assets are recorded at estimated market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

| | |
|---|---|
| Buildings and Improvements | 27.5 to 40 years |
| Furniture and Equipment | 5 to 10 years |
| Vehicles | 3 to 5 years |

## NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

*Contributions*

Contributions are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets or funds. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, 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.

*Functional Allocation of Expenses*

The costs of providing the various programs and general and administrative expenses have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses, which are allocated on the basis of estimates of time and effort, as well as travel, supplies, marketing and website, and other operating expenses, which are allocated on the basis of square footage or some other reasonable basis.

*New Accounting Pronouncements*

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 326, *Financial Instruments – Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this pronouncement is a shift from the incurred loss model to the expected loss model. Under this pronouncement, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Management has evaluated the new pronouncement and determined it is not applicable as the Organization did not have financial assets subject to the guidance in ASC 326 as of January 1, 2023 or December 31, 2023.

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This pronouncement requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The pronouncement includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new pronouncement, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Management has evaluated the new pronouncement and determined it is not applicable as the Organization did not receive contributed nonfinancial assets during the years ended December 31, 2023 and 2022. Therefore, this pronouncement was not adopted for fiscal years 2023 and 2022.

*Recently Adopted Accounting Pronouncements*

In 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* effective for periods beginning after December 15, 2018. This pronouncement clarifies and improves the scope and the accounting guidance for contributions received and contributions made in order to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to other guidance and (2) determining whether a contribution is conditional. The Organization adopted this pronouncement effective January 1, 2022.

**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (continued)**

*Recently Adopted Accounting Pronouncements (continued)*

In 2018, the FASB issued ASU 2018-13, *Changes to the Disclosure Requirements for Fair Value Measurement,* effective for periods beginning after December 15, 2019. This pronouncement improves the effectiveness of fair value measurement disclosures in the notes to the financial statements. The Organization adopted this pronouncement effective January 1, 2022.

In 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* This update was followed up in 2018 by ASU 2018-03*, Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* and ASU 2018-09*, Codification Improvements*. These pronouncements provide guidance regarding the reporting and disclosure requirements of investments, effective for periods beginning after December 15, 2018. The Organization adopted these pronouncements effective January 1, 2022.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* This new pronouncement provides guidance regarding revenue recognition effective for reporting periods beginning after December 15, 2019. The pronouncement affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets. The core principle of this update is that the entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. The Organization adopted this pronouncement effective January 1, 2022.

In February 2016, the FASB issued ASU 2016-02, *Leases.* This pronouncement provides new guidance regarding lease accounting for reporting periods beginning after December 15, 2021, whereby a lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with lease terms of more than twelve months. The Organization adopted this pronouncement using the effective date method on January 1, 2022.

*Revenue - Exchange Transactions*

Program fee revenue from exchange transactions relates to tuition and sales of publications. The amount of consideration received from these transactions is variable. Revenue from these transactions is recorded as an increase in net assets without donor restrictions to the extent that the earnings process is complete. Performance obligations for tuition are satisfied at a point in time when the class or camp is held. Performance obligations for sales of publications are satisfied when the sale occurs. There are no amounts in excess of the benefit provided. Additionally, there were no receivables, contract assets, or contract liabilities related to these exchange transactions at December 31, 2023, December 31, 2022 or January 1, 2022. Disaggregation of revenue is presented on the face of the statement of activities.

*Use of Estimates*

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

**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (continued)**

*Investments*

Purchased securities are reported at fair value. Donated securities are recorded at fair value at date of donation. All dividends, interest, and realized and unrealized gains and losses are reported as investment income (loss) - net in the accompanying statement of activities.

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

The Organization maintains cash and investment balances at various financial institutions and investment companies. The Federal Deposit Insurance Corporation insures the balances in the cash accounts up to $250,000, while the Securities Investor Protection Corporation insures the balances in investment accounts up to $500,000. At December 31, 2023 and 2022, the Organization's uninsured cash balances totaled $1,469,787 and $1,422,289, respectively, not including reconciling items. There were no uninsured investment balances at December 31, 2023 and 2022.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

| | **2023** | 2022 |
|---|---|---|
| Buildings | **$ 2,322,922** | $ 2,257,194 |
| Leasehold Improvements | **1,460,038** | 1,442,838 |
| Land | **716,771** | 716,771 |
| Furniture and Fixtures | **349,200** | 349,200 |
| Vehicles | **371,657** | 268,619 |
| Artwork | **3,677** | 3,677 |
| | **5,224,265** | 5,038,299 |
| Less Accumulated Depreciation | **(2,308,983)** | (2,176,246) |
| Total Property and Equipment - net | **$ 2,915,282** | $ 2,862,053 |

Depreciation expense for the years ended December 31, 2023 and 2022 was $132,737 and $119,307, respectively.

**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were for the following purposes at December 31:

| | **2023** | 2022 |
|---|---|---|
| Building Maintenance | **$ 373,904** | $ 396,633 |
| Online Courses | **277,707** | 245,680 |
| International Branches Support | **272,193** | 232,771 |
| Assistant Director Salary | **65,686** | - |
| Scholarship | **44,365** | 46,315 |
| Total | **$ 1,033,855** | $ 921,399 |

**NOTE 5 – RIGHT-OF-USE FINANCE LEASE**

The Organization leases a copier machine under a finance lease that expires in May 2025. The right-of-use leased equipment was carried at cost of $122,496 less accumulated amortization of $89,441 and $66,109 at December 31, 2023 and 2022, respectively. The balance of the equipment lease payable was $35,695 and $59,671 at December 31, 2023 and 2022, respectively. Interest expense related to this lease was $2,004 and $2,968 for the year ended December 31, 2023 and 2022, respectively.

The copier lease was bought out and a new lease agreement began in April 2024 that expires in July 2028. The Organization will have $68,976 in right-of-use assets and liabilities beginning in April 2024 upon the start of the new copier lease agreement. The new finance lease and related asset and liability will be recognized and amortized over the duration of the lease agreement from April 2024 through July 2028.

The related future minimum lease payments under this right-of-use finance lease are as follows:

| Year Ending December 31, | | |
|---|---|---|
| 2024 | $ | 25,980 |
| 2025 | | 10,825 |
| | | 36,805 |
| Less: Interest (4.11%) | | (1,110) |
| Present Value of Minimum Lease Payments | $ | 35,695 |

**NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL 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 because of donor-stipulated restrictions and board designations.

| | | **2023** | | 2022 |
|---|---|---|---|---|
| Cash and Cash Equivalents | **$** | **1,798,731** | $ | 1,675,090 |
| Investments | | **19,175** | | 12,849 |
| Contributions Receivable | | **53,616** | | 211,082 |
| Accounts Receivable | | **1,725** | | - |
| Total Financial Assets | | **1,873,247** | | 1,899,021 |
| Board Designations | | **-** | | (65,708) |
| Donor Restrictions | | **(1,033,855)** | | (921,399) |
| Financial Assets Available to Meet Cash Needs for Expenditures Within One Year | **$** | **839,392** | $ | 911,914 |

The Organization's primary sources of cash flows are contributions from individuals and program fees. These revenue sources provide the Organization with a consistent inflow of cash throughout the year to cover normal operating expenses.

## NOTE 7 – BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

Board-designated net assets without donor restrictions were $-0- and $65,708 at December 31, 2023 and 2022, respectively. Funds were designated to provide support to international branches.

## NOTE 8 – RETIREMENT PLAN

The Organization offers a retirement plan to qualified employees. The Organization contributed $19,337 and $16,335 to the plan for the years ended December 31, 2023 and 2022, respectively.

## NOTE 9 – POST-RETIREMENT BENEFIT OBLIGATIONS

In October 2010, the Organization approved a post-retirement compensation arrangement for one former employee. The arrangement remains in effect until the date of the employee's death, or it is modified. The estimated future payments under this arrangement have been estimated based on the life expectancy of the beneficiary discounted to the net present value using a discount rate of 3.26%. No further increase in compensation level for cost-of-living adjustments is expected. The net present value of this obligation was $99,934 and $139,047 at December 31, 2023 and 2022, respectively. Payments to the beneficiary of this post-retirement benefit were $43,060 for the years ended December 31, 2023 and 2022.

In January 2022, the Organization approved a post-retirement compensation arrangement for another former employee. The arrangement remains in effect until the employee's death, at which time half of the compensation will be transferred to his wife for the remainder of her lifetime. The estimated future payments under this arrangement have been estimated based on the life expectancy of the beneficiary and his wife, discounted to the net present value using a discount rate of 2.05%. No further increase in compensation level for cost-of-living adjustments is expected. The net present value of this obligation was $498,512 and $518,075 at December 31, 2023 and 2022, respectively. Payments to the beneficiary of this post-retirement benefit were $30,000 for the years ended December 31, 2023 and 2022.

The following is a schedule by year of future minimum payments required under the post-retirement benefit obligations:

| Year Ending December 31, | | |
|---|---|---|
| 2024 | $ | 73,060 |
| 2025 | | 73,060 |
| 2026 | | 47,939 |
| 2027 | | 30,000 |
| 2028 | | 30,000 |
| Thereafter | | 461,181 |
| | | 715,240 |
| Less: Net Present Value Discount | | (116,794) |
| Present Value of Minimum Pension Obligations | $ | 598,446 |

Interest expense related to these obligations was $14,384 and $15,121 for the years ended December 31, 2023 and 2022, respectively.

**NOTE 10 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Organization adopted the provisions of ASC 820, *"Fair Value Measurements and Disclosures"* (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect the Organization's financial position or results of operations.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

The Organization's current assets and liabilities as presented in the statements of financial position are Level 1. The Organization does not have Level 2 or Level 3 assets or liabilities. The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

The Organization's financial instruments also include investments. The fair values of investments are based on quoted market prices for those or similar investments.

The following table represents assets measured at fair value on a recurring basis as reported in the statement of financial position at December 31, 2023 by level within the fair value measurement hierarchy:

| | **Total Fair Value Measurement** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| Financial Assets: | | | | |
| Cash | **$ 431** | **$ 431** | **$ -** | **$ -** |
| Equities | **18,744** | **18,744** | **-** | **-** |
| Total | **$ 19,175** | **$ 19,175** | **$ -** | **$ -** |

The following table represents assets measured at fair value on a recurring basis as reported in the statement of financial position at December 31, 2022 by level within the fair value measurement hierarchy:

| | Total Fair Value Measurement | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Financial Assets: | | | | |
| Cash | $ 273 | $ 273 | $ - | $ - |
| Equities | 12,576 | 12,576 | - | - |
| Total | $ 12,849 | $ 12,849 | $ - | $ - |

**NOTE 10 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The following schedule summarizes the investment income (loss) for the years ended December 31:

| | | **2023** | | 2022 |
|---|---|---|---|---|
| Interest and Dividends | **$** | **207** | $ | 176 |
| Unrealized Gain (Loss) | | **3,841** | | (3,639) |
| Investment Fees | | **(50)** | | (50) |
| Total Investment Income (Loss) - net | **$** | **3,998** | $ | (3,513) |

**NOTE 11 – PRIOR PERIOD RESTATEMENT**

During the year ended December 31, 2023, an evaluation of revenue revealed an understatement of $211,082 in contributions receivable at December 31, 2022 and contributions revenue for the year then ended. Correction of this misstatement resulted in an increase of $211,082 in contributions receivable and net assets without donor restrictions as of December 31, 2022, with a corresponding increase in contributions revenue for the year then ended.

**NOTE 12 – PRIOR YEAR RECLASSIFICATION**

A reclassification was made between certain expense accounts, as previously reported in the December 31, 2022 financial statements, in order to conform to the December 31, 2023 presentation. This reclassification had no effect on the total net assets or change in net assets for the year ended December 31, 2022.

**NOTE 13 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through August 28, 2024, which is the date the financial statements were available to be issued.