AMERICAN FAMILY ASSOCIATION, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2024

SPARKS
CPA Firm

Certified Public Accountants

AMERICAN FAMILY ASSOCIATION, INC.

Tupelo, Mississippi

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June 30, 2024

Independent Auditors' Report

To the Board of Directors of
American Family Association, Inc.

Opinion

We have audited the accompanying financial statements of American Family Association, 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, the financial statements referred to above present fairly, in all material respects, the financial position of American Family Association, Inc., as of June 30, 2024, and the changes in its 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Family Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 American Family Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Family Association, 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 American Family Association, 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.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
November 21, 2024

AMERICAN FAMILY ASSOCIATION, INC.

Statement of Financial Position

June 30, 2024

Assets		
Cash and Cash Equivalents	$	2,729,177
Investments		39,451,593
Accounts Receivable		707,382
Promises to Give, Net		1,852,268
Inventory		292,499
Prepaid Expenses		230,037
Properties and Equipment, Net		19,233,227
Operating Lease Right of Use Asset		1,553,056
Assets Held Under Split-interest Agreements		365,912
Notes Receivable		166,607
Software Development Costs		232,000
Other Assets		12,200
Total Assets	$	66,825,958
Liabilites		
Accounts Payable	$	340,128
Accrued Expenses		264,570
Annuity Reserve		9,487,514
Liabilities Under Split-interest Agreements		211,770
Operating Lease Liability		1,553,056
Total Liabilities		11,857,038
Net Assets		
Without Donor Restrictions		54,814,778
With Donor Restrictions - Split-interest Agreements		154,142
Total Net Assets		54,968,920
Total Liabilities and Net Assets	$	66,825,958

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

AMERICAN FAMILY ASSOCIATION, INC.

Statement of Activities

Year Ended June 30, 2024

Changes in Net Assets Without Donor Restrictions		
Operating Activities		
Revenues and Support		
Donor Contributions	$	19,442,658
Radio Programs and Underwriting		3,524,588
Conferences, Resources, and Rental Income		622,519
Total Revenues and Support		23,589,765
Expenses		
Program Services		20,341,637
General and Administrative		1,594,708
Fund Raising		1,522,605
Total Expenses		23,458,950
Increase (Decrease) from Operating Activities		130,815
Non-Operating Activities		
Investment Income		2,720,224
Unrealized Gain (Loss) on Investments		416,436
Gain on Sale of Assets		461,576
Total Non-Operating Activities		3,598,236
Increase (Decrease) from Non-Operating Activities		3,598,236
Increase (Decrease) in Net Assets Without Donor Restrictions		3,729,051
Changes in Net Assets With Donor Restrictions		
Change in Value of Split-interest Agreements		(1,063)
Increase/(Decrease) in Net Assets With Donor Restrictions		(1,063)
Increase in Net Assets		3,727,988
Net Assets at Beginning of Year		51,240,932
Net Assets at End of Year	$	54,968,920

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

AMERICAN FAMILY ASSOCIATION, INC.

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services	General and Administrative	Fund Raising	Total
Annuity Payments	$ -	-	687,933	$ 687,933
Auto Usage	26,936	2,245	748	29,929
Bank Charges	58,314	4,859	1,620	64,793
Computer Expense	250,147	20,845	6,949	277,941
Computer Programs	164,816	13,735	4,578	183,129
Commissions	2,133	178	59	2,370
Conferences	318,911	26,575	8,859	354,345
Contract Engineering	171,592	14,300	4,766	190,658
Contract Labor	904,705	75,392	25,131	1,005,228
Contributions	1,502,798	125,233	41,744	1,669,775
Credit and Collection	181,066	15,088	5,030	201,184
Depreciation	808,450	67,371	22,457	898,278
Dues	29,099	2,425	808	32,332
Employee Relations	27,463	2,288	763	30,514
Equipment Rental	29,542	2,461	821	32,824
Extra Labor	927	77	26	1,030
Floral and Gifts	10,386	865	289	11,540
Grounds and Maintenance	173,606	14,468	4,822	192,896
Group Insurance	825,158	53,487	21,983	900,628
Housing Allowance	44,738	3,728	1,243	49,709
Insurance	164,391	13,700	4,566	182,657
Interest Expense	37,430	3,119	1,040	41,589
Internet Broadcasting Fees	294,682	24,556	8,186	327,424
Janitorial Expense	36,245	3,020	1,007	40,272
Kitchen Expense	8,938	745	248	9,931
Legal Services	8,176	681	227	9,084
Licenses and Permits	291,882	24,323	8,108	324,313
Meals and Entertainment	85,449	7,120	2,374	94,943
Miscellaneous	656	53	18	727
Office Supplies and Expense	75,774	6,314	2,105	84,193
Operating Lease Expense	178,655	14,888	4,963	198,506
Pension Plan	425,808	26,744	10,991	463,543
Pest Control	4,333	361	120	4,814
Postage	692,653	62,968	83,958	839,579
Printing and Publication	899,096	81,736	108,981	1,089,813
Production	134,072	11,173	3,724	148,969
Products and Premiums	321,712	26,810	8,936	357,458
Professional Fees	187,392	84,270	42,945	314,607
Program Services	238,622	19,886	6,628	265,136
Promotional Expenses	227,083	18,923	6,308	252,314

AMERICAN FAMILY ASSOCIATION, INC.

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services	General and Administrative	Fund Raising	Total
Public Education	$ 75	6	2	$ 83
Registration Fees	35,019	2,918	973	38,910
Rent	317,624	26,469	8,823	352,916
Repairs	766,151	63,846	21,282	851,279
Resource Material	6,795	566	189	7,550
Salaries	7,114,189	445,726	183,188	7,743,103
Satellite Service Network	88,209	7,351	2,450	98,010
Scholarships	125,325	10,444	3,481	139,250
Security	12,307	1,025	342	13,674
Sharathon Expenses	-	-	100,603	100,603
Social Security Taxes	493,994	31,201	12,823	538,018
Special Events and Projects	30,348	2,529	843	33,720
Subscriptions	59,846	4,987	1,662	66,495
State Unemployment Taxes	4,496	374	125	4,995
Taxes and Licenses	59,853	4,987	1,663	66,503
Telephone	119,430	9,952	3,318	132,700
Training and Education	12,209	990	-	13,199
Trash	13,035	1,086	362	14,483
Travel	174,807	14,567	4,856	194,230
Utilities	1,064,089	88,674	29,558	1,182,321
Total	$ 20,341,637	$ 1,594,708	$ 1,522,605	$ 23,458,950

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

AMERICAN FAMILY ASSOCIATION, INC.

Statement of Cash Flows

Year Ended June 30, 2024

Cash Flows from Operating Activities		
Net Increase/(Decrease) in Net Assets	$	3,727,988
Adjustments to Reconcile Net (Increase)/Decrease In Net Assets to Net Cash Provided by Operating Activities		
Accounts Receivable		(122,321)
Promises to Give, Net		(222,214)
Prepaid Expenses		(51,055)
Depreciation		898,278
Inventory		92,416
Operating Lease Right of Use Asset		198,506
Accounts Payable		123,510
Annuity Reserve		714,902
Liabilities Under Split-interest Agreements		33,804
Operating Lease Liability		(198,506)
Accrued Expenses		(13,757)
Net Cash Provided/(Used) - Operating Activities		5,181,551
Cash Flows from Investing Activities		
Investments		(3,541,471)
Property and Equipment, Net		(2,648,806)
Software Development Costs		(232,000)
Net Cash Provided/(Used) - Investing Activities		(6,422,277)
Cash Flows from Financing Activities		
Note Receivable on Sale of Fixed Assets		2,300
Net Cash Provided/(Used) - Financing Activities		2,300
Net Increase/(Decrease) in Cash and Cash Equivalents		(1,238,426)
Cash and Cash Equivalents at the Beginning of the Year (See Note 1)		3,967,603
Cash and Cash Equivalents at the End of the Year	$	2,729,177
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for Interest Expense	$	41,589

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

Note 1: ***Nature of Organization and Significant Accounting Policies***

The American Family Association, Inc. (the Organization) is a nonprofit Christian organization with a mission to inform, equip, and activate individuals and families to transform American culture and to give aid to the Church, here and abroad, in its calling to fulfill the Great Commission.

Financial support for the American Family Association, Inc. is through donations from individuals and organizations within the United States.

The Organization is a nonprofit corporation, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and contributions to it are tax deductible within the limitations prescribed by the Code. On April 9, 2022, the Internal Revenue Service issued its determination letter that the Association meets the requirements in IRC Sections 509(a)(1) and 170(b)(1)(A)(i) as an association of churches.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days except if those instruments are used to temporarily invest endowment funds until appropriate investments are identified. Cash held with investment brokers in insured deposit accounts are considered investments for financial presentation purposes. At year-end and throughout the year, the Organization's cash balances were deposited in several banks. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Accounts and Notes Receivable. Accounts and Notes Receivable are described in Note 5 and Note 12 respectively and are considered by management to be fully collectible.

Concentrations of Credit and Market Risk. Financial instruments that potentially expose the Organization concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. The Organization has not experienced any losses on its cash equivalents. The Organization's investments do not represent concentrations of market risk since the Organization's investment portfolio is adequately diversified among issuers.

Promises to Give. We record unconditional promises to give that are expected to be collected within one year at net realizable value. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. See Note 6 for more information.

Inventory. Inventory comprises program-related merchandise held for sale and is stated at the lower of cost or market determined by the first-in first-out method. No allowance for inventory obsolescence is considered necessary at June 30, 2024.

Property and Equipment. The Organization records property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2024.

Right of Use Leased Assets and Liabilities. Right of Use Leased Assets and Liabilities Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service.

Assets Held and Liabilities Under Split-interest Agreements.

Charitable Trusts. We act as trustee for various revocable and irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets to us, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. If a trust is revocable, or if the maker of the trust reserves the right to replace us as the beneficiary of the trust, we record the assets placed in trust at fair value, with an equal and offsetting liability until such time that we receive distributions from the trust in accordance with its terms. If the trust is irrevocable, the trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. At that time, net assets with donor-imposed time or purpose restrictions are released to net assets without restrictions, and net assets with donor restrictions that are perpetual in nature are transferred to the endowment. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the trust, the remaining liability is removed and recognized as income.

Charitable Gift Annuities. Under charitable gift annuity contracts, we receive immediate and unrestricted title to contributed assets and agree to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

Software Development Costs. The Organization records intangible assets for software development costs. Amortization is computed using the straight-line method over a five year period.

Investments. We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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

Net Assets Without Donor Restrictions. Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions. Net assets subject to donor-imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Revenue and Revenue Recognition. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same period are reported as unrestricted support.

Advertising Cost. Advertising costs are expensed as incurred.

Functional Allocation of Expenses. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes. The Organization is a nonprofit corporation whose revenue is derived from contributions and other fund-raising activities and is not subject to federal or state income taxes. The Organization’s unrelated business income has resulted in net taxable income of $13,553 see Note 24.

Note 2: ***Liquidity and Availability***

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and Cash Equivalents	$	2,729,177
Investments		39,451,593
Accounts Receivable		707,382
Promises to Give		1,852,268
Notes Receivable		166,607
	$	44,907,027

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds.

Note 3: ***Investments***

Investments are stated at fair market value. Fair values and unrealized depreciation are summarized as follows:

Cost	$	39,035,163
Fair Value		39,451,593
Unrealized Gain (Loss)	$	416,436

The investments, at estimated fair value, consist of the following:

Stocks and Exchange Traded Funds	$	17,981,204
Mutual Funds		6,906,525
Insured Deposit Accounts		3,878,135

Real Estate	26,500
Real Estate Investment Trusts and Publicly Traded Partnerships	5,297,243
Fixed Income	5,361,986
Total	$ 39,451,593

All investment returns are classified as unrestricted in the statement of activities for the years ending June 30, 2024.

Note 4: ***Fair Value Measurements***

Fair values of assets measured on a recurring basis are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Inputs are unobservable (Level 3)
Investments	$ 39,451,593	$ 39,425,093	$ 26,500	$ -
Assets Held Under Split-interest Agreements	$ 365,912	$ 365,912	$ -	$ -

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan can access.

Level 2 – Inputs to the valuation methodology include

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

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

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 1 and Level 2 inputs were available to the Organization. There were no Level 3 investments as of June 30, 2024.

Note 5: ***Accounts Receivable***

Accounts receivable consists of underwriting agreements the Organization has entered that have not yet been collected. The accounts receivable aging is as follows:

Current	$	406,186
31-60 days		56,060
61-90 days		56,300
Over 90 days		188,836
Total Accounts Receivable	$	707,382

Note 6: ***Promises to Give, Net***

Unconditional promises to give consist of the following:

Unrestricted Promises	$	3,087,113
Allowance for Uncollectible Unrestricted Promises		(1,234,845)
Net Unconditional Promises to Give	$	1,852,268

Amounts Due in:		
Less Than One Year	$	1,852,268
One to Five Years		-
Total	$	1,852,268

Note 7: ***Inventory***

The inventory balance as of June 30, 2024, is $292,499 which consists of products and Christian DVD's that are for sale through the AFA online store. Inventory is valued at cost.

Note 8: ***Prepaid Expenses***

Prepaid expenses consist of the following:

Prepaid Insurance	$	28,352
Prepaid Internet Contracts		31,853
Prepaid Music License Agreements		143,110
Prepaid News Service		26,722
Total Prepaid Expenses	$	230,037

Note 9: ***Property and Equipment, Net***

Property and Equipment, Net consists of the following:

Land	$	4,566,272
Office Building		13,616,282
Furniture, Fixtures, and Equipment		8,817,989
Radio Stations, Buildings, Equipment and Towers		34,379,158
Automotive Equipment		706,060
Total Assets at Cost		62,085,761
Less: Accumulated Depreciation		42,852,534
Net Fixed Assets	$	19,233,227

Depreciation allocated to program and supporting services was $898,278.

Note 10: ***Leasing Arrangements***

The Organization leases certain buildings, land and equipment. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statements of financial position. Lease expense is recognized for these leases on a straight-line- basis over the lease term.

Most leases include one or more options to renew, with renewal terms that can extend the lease term by one year. The exercise of lease renewal options is at the Organization's sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

As most of the operating leases do not provide an implicit rate, the Organization uses incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments.

The following summarizes the weighted average remaining lease term and discount rate of as June 30, 2024:

Weighted Average Remaining Lease Term (Years)

Operating leases	8

Weighted Average Discount Rate

Operating lease	4%

The following summarizes the line items in the statement of activities which include the components of lease expense for the year ended June 30, 2024:

Operating lease expense included in operating expenses	$198,506

At June 30, 2024, future minimum lease payments due under the operating lease obligations consist of the following:

2025	$	240,095
2026	$	233,642
2027	$	206,523
2028	$	198,788
2029	$	197,172
Thereafter	$	907,956

Future minimum lease payments	$	2,224,271
Less, amounts representing interest		(472,709)
Present Value of minimum lease payments		1,751,562
Less current portion		(198,506)
Long-term operating lease obligations	$	1,553,056

Note 11: Assets Held Under Split-Interest Agreements

The fair value of charitable trust assets held with split-interest agreements at June 30, 2024 was $365,912. The assets were invested in stocks and mutual funds.

Note 12: Notes Receivable

Christ Church Media, Inc. purchased the rights to *Behold Your God* and *Logic on Fire* DVDs in the amount of $350,000. Christ Church Media, Inc. agrees to pay the Organization 20% of the gross revenue from the retail sales of *Behold Your God* DVDs and 50% of the gross revenue from the retail sales of *Logic on Fire* DVDs until the note is paid in full. The note does not carry an interest rate. The balance of the note is $166,607.

Note 13: Software Development Cost

The Organization's intangible assets consist of software development costs, which are carried at cost less accumulated amortization. The useful life of these assets is estimated to be 5 years. No amortization expense is reported for the period ending June 30, 2024 because the assets have not been placed in service. The software development costs incurred as of June 30, 2024 totaled $232,000.

Note 14: Other Assets

Other assets consist of the following:

Utility Deposits	$	12,200
Total Other Assets	$	12,200

Note 15: Accrued Expenses

Accrued expenses consist of the following:

Accrued Salaries	$	167,630
Accrued Leave		60,000
Payroll Related Advance Payments		36,940
Total Accrued Expenses	$	264,570

Note 16: Annuity Reserve

The annuity reserve represents an amount calculated in which the gift annuity trust will pay over the life of the trust. This amount is based upon an actuarial determined amount paid to the non-charitable beneficiary. The annuity trust will pay a stated dollar amount, which remains fixed over the life of the trust. The annuity reserve is valued at $9,487,514

The annuity reserve is collateralized by investments, which consists of cash, U.S. government bonds, mutual funds and equities in publicly traded companies in the United States of America.

Note 17: Liabilities Under Split-interest Agreements

The liabilities under split-interest agreements represents the present value of the projected income stream for the charitable remainder unitrust, which is a liability to the Organization. The charitable remainder unitrust will pay a stated percentage of the current value of the trust assets. This amount is based upon present value calculations. The liabilities under split-interest agreements are valued at $211,770.

The liabilities under split-interest agreements are secured by assets segregated into different charitable remainder unit trusts. The assets in the trust consist of cash, mutual funds, U.S. government bonds, and equities in publicly traded companies in the United States of America.

Note 18: ***Net Assets With Donor Restrictions***

Net assets with donor restrictions are restricted for the following purposes.

Subject to the passage of time:		
Assets held under split-interest agreements	$	154,142

Note 19: ***Concentration of Credit Risk***

The organization receives contributions from across the United States. The largest contributing areas of the nation are primarily the Southeastern and Southwestern portions of the United States. The Organization's bank balance as of June 30, 2024 was $3,060,501 of which $2,708,684 is in excess of FDIC insurance limits.

Note 20: ***Joint Costs of Activities That Include a Fund-Raising Appeal***

The Organization produces various methods of communications with the public that includes programmatic and administrative information, together with a request for contributions in support of our mission. The costs of producing the communications included joint costs not directly attributable to any single function. Those costs were allocated among the following functional expense categories as follows:

Program Services	$	20,341,637
General and Administrative		1,594,708
Fund Raising		1,522,605
Total Joint Costs	$	23,458,950

Note 21: ***Functionalized Expenses***

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 22: ***401(k) Plan and Trust***

All full-time employees, after completion of six months of service with 500 hours and attainment of age 21, are eligible for coverage by the Organization's contributory 401(k) plan and trust. The Organization matches eligible employee contributions to the plan of up to 10% of their compensation. Matching contributions to the plan by the Organization amounted to $453,868.

Note 23: ***Related Party Transactions***

The Organization had related party transactions consisting of the following:

Amount paid to board member for conducting a daily radio program.	$	70,700
Donation to AFA Action, Inc.to support its educational and informational mission. AFA Action, Inc. is a related entity dedicated to advancing biblical family values in society and government by educating the populace and influencing public policy.		1,307,082
Total Related Party Transactions	$	1,377,782

Note 24: ***Unrelated Business Income***

The Organization generates unrelated business income through various advertising, rental income, merchandise sales, and commission arrangements. Expenses related to the production of unrelated business income and then deducted from the income produced. The Organization showed a net unrelated business income of $13,553.

Note 25: ***Subsequent Events***

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. For the year ended June 30, 2024, the Organization has evaluated subsequent events for potential recognition and disclosure through November 21, 2024, the date which the financials were available to be issued. No adjustments were considered necessary to the financial statements.