

FAMILY LIFE MINISTRIES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2025

FAMILY LIFE MINISTRIES, INC.

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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, 2025 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, 2025, 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 Qualified Opinion

Accounting principles generally accepted in the United States of America require leases to be accounted for in accordance with FASB ASC 842, *Leases*, which requires (a) all leases to be recorded on the statement of financial position of lessees by recognizing a right-of-use asset and a lease liability based on the present value of the remaining lease payments and (b) disclosure of certain qualitative and quantitative information about leasing arrangements. As more fully described in Note 1 to the financial statements, the costs of the Organization's operating leases have been expensed as incurred in the accompanying statement of activities. Furthermore, the financial statements do not disclose information about the maturities of its operating lease obligations and other information required by FASB ASC 842. Quantification of the effects of these departures from generally accepted accounting principles on financial position, results of operations, and cash flows 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.

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 2024 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated November 14, 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, 2024, 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
December 9, 2025

FAMILY LIFE MINISTRIES, INC.
Statements of Financial Position
June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 358,822 | \$ 302,619 |
| Accounts receivable - net of allowance for credit losses of \$225 at June 30, 2025 and 2024. | 101,403 | 55,647 |
| Prepaid expenses | 315,766 | 393,135 |
| Investments | <u>125,911</u> | <u>114,745</u> |
| Total current assets | 901,902 | 866,146 |
| Property and Equipment - Net | 13,622,554 | 11,398,047 |
| Other Assets | | |
| Other long term assets | 8,126,725 | 8,110,181 |
| Assets held under split-interest agreement | <u>27,521</u> | <u>26,160</u> |
| Total other assets | <u>8,154,246</u> | <u>8,136,341</u> |
| Total Assets | <u>\$ 22,678,702</u> | <u>\$ 20,400,534</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 70,535 | \$ 260,670 |
| Accrued expenses | 16,115 | 16,000 |
| Deferred revenue | 50,700 | 77,329 |
| Notes payable - current portion | <u>344,527</u> | <u>220,040</u> |
| Total current liabilities | 481,877 | 574,039 |
| Long-Term Liabilities | | |
| Notes payable - net of current portion | 439,167 | 177,500 |
| Liability under split-interest agreement | <u>17,256</u> | <u>17,979</u> |
| Total long-term liabilities | <u>456,423</u> | <u>195,479</u> |
| Total Liabilities | <u>938,300</u> | <u>769,518</u> |
| Net Assets | | |
| Net assets without donor restriction | 21,323,818 | 19,334,961 |
| Net assets with donor restriction | <u>416,584</u> | <u>296,055</u> |
| Total net assets | <u>21,740,402</u> | <u>19,631,016</u> |
| Total Liabilities and Net Assets | <u>\$ 22,678,702</u> | <u>\$ 20,400,534</u> |

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

FAMILY LIFE MINISTRIES, INC.
Statement of Activities
For the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total 2025</u> | <u>Total 2024</u> |
|--|--|-----------------------------------|-----------------------|-----------------------|
| Public Support and Revenue | | | | |
| Public Support | | | | |
| Contributions | \$ 5,922,914 | \$ - | \$ 5,922,914 | \$ 5,555,733 |
| Capital campaign contributions | - | 1,189,016 | 1,189,016 | 1,059,234 |
| Ministry activity gifts | 33,780 | - | 33,780 | 20,321 |
| Contributed nonfinancial asset | 1,550,000 | - | 1,550,000 | - |
| Total public support | <u>7,506,694</u> | <u>1,189,016</u> | <u>8,695,710</u> | <u>6,635,288</u> |
| Revenue | | | | |
| Program / event revenue | 606,417 | - | 606,417 | 557,501 |
| Radio program sponsor / announcements | 897,576 | - | 897,576 | 856,404 |
| Sales - website ads & merchandise | 21,516 | - | 21,516 | 12,855 |
| Loans forgiven | 120,000 | - | 120,000 | - |
| Interest earned | 7,055 | - | 7,055 | 46,328 |
| Rental income | 66,901 | - | 66,901 | 50,259 |
| Ministry activity fee | 104,546 | - | 104,546 | 90,853 |
| Unrealized and realized gain (loss) on investments | 7,018 | 1,725 | 8,743 | (10,132) |
| Gain (loss) on sale of assets | <u>4,928</u> | <u>-</u> | <u>4,928</u> | <u>(103,593)</u> |
| Total revenue | <u>1,835,957</u> | <u>1,725</u> | <u>1,837,682</u> | <u>1,500,475</u> |
| Net assets released from restrictions | <u>1,070,212</u> | <u>(1,070,212)</u> | <u>-</u> | <u>-</u> |
| Total public support and revenue | <u>10,412,863</u> | <u>120,529</u> | <u>10,533,392</u> | <u>8,135,763</u> |
| Expenses | | | | |
| Program services | | | | |
| Christian radio programming | 4,537,822 | - | 4,537,822 | 3,999,579 |
| Christian family activities | 2,620,832 | - | 2,620,832 | 2,401,053 |
| Supporting services | | | | |
| Management and general | 813,289 | - | 813,289 | 767,695 |
| Fundraising | <u>452,063</u> | <u>-</u> | <u>452,063</u> | <u>397,084</u> |
| Total expenses | <u>8,424,006</u> | <u>-</u> | <u>8,424,006</u> | <u>7,565,411</u> |
| Change in Net Assets | 1,988,857 | 120,529 | 2,109,386 | 570,352 |
| Net Assets - Beginning | <u>19,334,961</u> | <u>296,055</u> | <u>19,631,016</u> | <u>19,060,664</u> |
| Net Assets - Ending | <u>\$ 21,323,818</u> | <u>\$ 416,584</u> | <u>\$ 21,740,402</u> | <u>\$ 19,631,016</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, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

| | <u>PROGRAM SERVICES</u> | | | | <u>SUPPORT SERVICES</u> | | | | <u>Total 2025</u> | <u>Total 2024</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 | \$ 1,611,699 | \$ 1,253,544 | \$ 2,865,243 | \$ 537,233 | \$ 179,078 | \$ 716,311 | \$ 3,581,554 | \$ 3,323,882 | | |
| Travel allowance | 26,200 | 20,378 | 46,578 | 8,733 | 2,911 | 11,644 | 58,222 | 71,968 | | |
| Life/health insurance | 316,878 | 246,461 | 563,339 | 105,626 | 35,209 | 140,835 | 704,174 | 649,442 | | |
| Employer's insurance | 14,790 | 11,503 | 26,293 | 4,930 | 1,643 | 6,573 | 32,866 | 34,320 | | |
| Pension | 26,944 | 20,956 | 47,900 | 8,981 | 2,994 | 11,975 | 59,875 | 51,765 | | |
| Payroll taxes | <u>120,568</u> | <u>93,775</u> | <u>214,343</u> | <u>40,189</u> | <u>13,396</u> | <u>53,585</u> | <u>267,928</u> | <u>257,048</u> | | |
| Total salaries and related expenses | 2,117,079 | 1,646,617 | 3,763,696 | 705,692 | 235,231 | 940,923 | 4,704,619 | 4,388,425 | | |
| Activities and program expense | 669,190 | 286,796 | 955,986 | - | - | - | 955,986 | 755,457 | | |
| Professional fees | 215,684 | 107,843 | 323,527 | 35,948 | - | 35,948 | 359,475 | 399,066 | | |
| Office expense | 138,211 | 69,106 | 207,317 | 18,428 | 4,607 | 23,035 | 230,352 | 226,394 | | |
| Occupancy | 66,332 | 215,579 | 281,911 | 33,166 | 16,583 | 49,749 | 331,660 | 296,601 | | |
| Radio tower site expense | 790,113 | - | 790,113 | - | - | - | 790,113 | 654,471 | | |
| Vehicle expense | 17,649 | 36,099 | 53,748 | 20,055 | 6,418 | 26,473 | 80,221 | 87,013 | | |
| Printing and publications | 31,201 | 11,346 | 42,547 | - | 14,182 | 14,182 | 56,729 | 49,088 | | |
| Miscellaneous | 69,541 | 25,288 | 94,829 | - | 31,610 | 31,610 | 126,439 | 120,310 | | |
| Interest | 6,877 | - | 6,877 | - | - | - | 6,877 | 6,219 | | |
| Fundraising | - | - | - | - | 34,350 | 34,350 | 34,350 | 28,418 | | |
| Dues and licenses | <u>15,978</u> | <u>3,994</u> | <u>19,972</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,972</u> | <u>16,769</u> | | |
| Total expenses before depreciation | 4,137,855 | 2,402,668 | 6,540,523 | 813,289 | 342,981 | 1,156,270 | 7,696,793 | 7,028,231 | | |
| Depreciation | <u>399,967</u> | <u>218,164</u> | <u>618,131</u> | <u>-</u> | <u>109,082</u> | <u>109,082</u> | <u>727,213</u> | <u>537,180</u> | | |
| Total expense | <u>\$ 4,537,822</u> | <u>\$ 2,620,832</u> | <u>\$ 7,158,654</u> | <u>\$ 813,289</u> | <u>\$ 452,063</u> | <u>\$ 1,265,352</u> | <u>\$ 8,424,006</u> | <u>\$ 7,565,411</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, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|--------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 2,109,386 | \$ 570,352 |
| Adjustments | | |
| Depreciation | 727,213 | 537,180 |
| Loss on sale of assets | - | 103,593 |
| Unrealized and realized (gain) loss on investments | (8,743) | (10,132) |
| Donated investments and other assets | (1,599,604) | - |
| Accrued interest on notes payable | 3,844 | 2,683 |
| Notes payable forgiven | (120,000) | - |
| Interest expense on split interest agreement liability | 677 | 704 |
| Changes in assets and liabilities | | |
| Accounts receivable | (45,756) | 4,284 |
| Prepaid expenses | 77,369 | (159,591) |
| Accounts payable | (190,135) | 132,543 |
| Accrued expenses | 115 | 2,272 |
| Deferred revenue | <u>(26,629)</u> | <u>18,132</u> |
| Net cash flows from operating activities | <u>927,737</u> | <u>1,202,020</u> |
| Cash Flows from Investing Activities | | |
| Purchase of intangibles | (16,544) | (15,000) |
| Purchase of property and equipment | (1,401,720) | (3,134,498) |
| Purchase of investments | (24,648) | (6,836) |
| Proceeds from sale of intangibles | - | 250,000 |
| Proceeds from sale of investments | 69,068 | 112,070 |
| Proceeds from maturities of certificates of deposit | - | 769,794 |
| Net cash flows from investing activities | <u>(1,373,844)</u> | <u>(2,024,470)</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from notes payable | 512,500 | - |
| Repayment of notes payable | <u>(10,190)</u> | <u>(137,735)</u> |
| Net cash flows from financing activities | <u>502,310</u> | <u>(137,735)</u> |
| Net Change in Cash and Cash Equivalents | 56,203 | (960,185) |
| Cash and Cash Equivalents - Beginning | 302,619 | 1,262,804 |
| Cash and Cash Equivalents - Ending | \$ 358,822 | \$ 302,619 |
| Noncash Activities | | |
| Noncash acquisition of intangibles received in trade | \$ - | \$ 46,000 |
| Noncash disposition of intangibles given in trade | \$ - | \$ (46,000) |
| Contributed nonfinancial asset | <u>\$ 1,550,000</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 \$416,584 and \$296,055 of net assets with donor restrictions at June 30, 2025 and 2024, respectively.

Liquidity - The Organization has \$586,136 of financial assets available within one year of the statement of financial position date consisting of \$358,822 of cash, \$125,911 of investments, and \$101,403 of accounts receivable. \$416,584 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, 2025 and 2024, the Organization had \$- and \$32,871, respectively, 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.

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 collectability of receivables and prior experience. The balance of the allowance for credit losses was \$225 at June 30, 2025 and 2024.

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, 2025 and 2024.

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, 2025 and 2024.

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.

Contributed Nonfinancial Assets - In September 2020, the FASB issues ASU Topic 958, "Not-for-Profit Entities", to improve generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The update requires NFP entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Topic 958 also requires additional disclosure for each category of nonfinancial assets of qualitative information, The Organization's policy about monetizing rather than utilizing contributed nonfinancial assets, a description of any donor-imposed restrictions, a description of the valuation techniques and input used to arrive at a fair value measure, and the principal market used to arrive at a fair value measure. See Note 3 for additional information.

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

Revenue Recognition - The Organization has adopted ASU 2014-09, "Revenue from Contracts with Customers", which provides guidance for revenue recognition. 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 analyzed the provisions of the ASU 2014-09 and has concluded that no changes are necessary to conform with the 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:

| | 2025 | 2024 | 2023 |
|---------------------|------------------|-----------------|-----------------|
| Accounts receivable | <u>\$101,403</u> | <u>\$55,647</u> | <u>\$59,931</u> |

Leases - Accounting Standards Codification (ASC) 842 - "Leases" require that certain contracts containing leases be recognized on the statement of financial position 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, 2024, 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.

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

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.

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, 2025:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------|-------------------|----------------|----------------|-------------------|
| Cash | \$ 2,233 | \$ - | \$ - | \$ 2,233 |
| Equity funds | 23,757 | - | - | 23,757 |
| Exchange traded funds | <u>127,442</u> | <u>-</u> | <u>-</u> | <u>127,442</u> |
| Total | \$ 153,432 | \$ - | \$ - | \$ 153,432 |

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 | \$ 140,905 | \$ - | \$ - | \$ 140,905 |

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

Note 3. Fixed Assets

Fixed assets consisted of the following at June 30:

| | 2025 | 2024 |
|--------------------------------|----------------------|----------------------|
| Land | \$ 3,774,722 | \$ 2,169,577 |
| Buildings | 2,097,414 | 2,063,914 |
| Machinery and equipment | 8,667,494 | 7,225,265 |
| Vehicles | 496,000 | 486,700 |
| Construction in progress | <u>5,840,725</u> | <u>5,979,179</u> |
| Sub-total | 20,876,355 | 17,924,635 |
| Less, accumulated depreciation | <u>(7,253,801)</u> | <u>(6,526,588)</u> |
| Property and equipment - net | <u>\$ 13,622,554</u> | <u>\$ 11,398,047</u> |

During the year ended June 30, 2025, the Organization received a contribution of land valued at \$1,550,000. The valuation of the land was determined by a third-party appraiser.

Note 4. Other Assets

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

| | 2025 | 2024 |
|---------------------|---------------------|---------------------|
| Broadcasting rights | \$ 8,037,818 | \$ 8,021,274 |
| Goodwill | 88,907 | 88,907 |
| Total | <u>\$ 8,126,725</u> | <u>\$ 8,110,181</u> |

Note 5. Notes Payable

Notes payable consisted of the following at June 30:

| | 2025 | 2024 |
|--|-------------|-------------|
| Note payable from an individual, unsecured, interest at 4.0%. Principal is due August 7, 2027. Original note was \$25,000. | \$ 25,903 | \$ - |
| 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. | 151,358 | 201,810 |
| Note paid in full. | - | 48,080 |
| 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 |

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

| | | |
|---|-------------------|-------------------|
| 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, 2026. Original note was \$20,000. | 20,000 | 20,000 |
| Note payable from an individual, unsecured, interest at 0%. Principal is due July 19, 2027. Original note was \$20,000. | 20,000 | - |
| Note payable from an individual, unsecured, interest at 0%. Principal is due July 29, 2027. Original note was \$20,000. | 20,000 | - |
| Note payable from an individual, unsecured, interest at 0%. Principal is due July 29, 2027. Original note was \$10,000. | 10,000 | - |
| Note payable from an individual, unsecured, interest at 0%. Principal is due August 2, 2027. Original note was \$20,000. | 20,000 | - |
| Note payable from an individual, unsecured, interest at 0%. Principal is due August 2, 2027. Original note was \$125,000. | 125,000 | - |
| Note payable from an individual, unsecured, interest at 0%. Principal is due August 5, 2027. Original note was \$10,000. | 10,000 | - |
| Note payable from an individual, unsecured, interest at 0%. Principal is due August 12, 2027. Original note was \$12,500. | 12,500 | - |
| Note payable from an individual, unsecured, interest at 0%. Principal is due August 15, 2027. Original note was \$10,000. | 10,000 | - |
| Note payable from an individual, unsecured, interest at 0%. Principal is due August 26, 2027. Original note was \$200,000. | 200,000 | - |
| Note payable from an individual, unsecured, interest at 0%. Principal is due July 24, 2027. Original note was \$10,000. | 10,000 | - |
| Note payable from an individual, unsecured, interest at 3.0%. Principal is due August 7, 2027. Original note was \$40,000. | 41,123 | - |
| Note payable from an individual, unsecured, interest at 2.0%. Principal is due September 11, 2027. Original note was \$10,000. | 10,160 | - |
| Note payable from a limited liability company, unsecured, interest at 0%, due on January 31, 2028 . | <u>77,500</u> | <u>107,500</u> |
| Total | <u>783,694</u> | <u>397,540</u> |
| Less, current portion | <u>(344,527)</u> | <u>(220,040)</u> |
| Long-term portion | <u>\$ 439,167</u> | <u>\$ 177,500</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:

| | |
|-------|-------------------|
| 2026 | \$ 344,527 |
| 2027 | 250,833 |
| 2028 | 188,334 |
| 2029 | - |
| 2030 | - |
| Total | <u>\$ 783,694</u> |

Note 6. Supplemental Cash Flow Information

| | <u>2025</u> | <u>2024</u> |
|---------------|-----------------|-----------------|
| Interest paid | <u>\$ 6,877</u> | <u>\$ 6,219</u> |

Note 7. 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 \$59,875 and \$51,765 in the years ended June 30, 2025 and 2024, respectively.

Note 8. 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, 2025 and 2024 amounted to \$111,066 and \$106,750, respectively. Amounts due to the Company from the Organization amounted to \$- and \$13,723 at June 30, 2025 and 2024, respectively.

Note 9. 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, 2025 and 2024 the discount rate was 3.825%

The gift annuity program recorded as an asset totaled \$27,521 and \$26,160 at June 30, 2025 and 2024, respectively. The related liability was \$17,256 and \$17,979 as of June 30, 2025 and 2024, respectively. Assets held under charitable gift annuities and the related liabilities are reported separately on the accompanying statement of financial position.

FAMILY LIFE MINISTRIES, INC.
Notes to Financial Statements

Note 10. 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, 2025 and 2024 were approximately \$319,000 and \$264,000, respectively.

Note 11. Subsequent Events

Subsequent to June 30, 2025, the Organization received contributions of assets, including a building, land and stock, totaling approximately \$1,670,000. In addition, a lease was sold for approximately \$362,000.

Subsequent to June 30, 2025, the Organization also entered into two asset purchase agreements totaling \$700,000.

Note 12. Reclassifications

Certain reclassifications have been made to the financial statements for the year ended June 30, 2024. These reclassifications are for comparative purposes only and have no effect on the change in net assets originally reported.