Mercy Multiplied America, Inc.
and Subsidiary

Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022

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BLANKENSHIP

Independent Auditor's Report

Board of Directors
Mercy Multiplied America, Inc. and Subsidiary

Opinion

We have audited the consolidated financial statements of Mercy Multiplied America, Inc. and Subsidiary (the Ministry), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Ministry's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry'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 Ministry'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.

Blankenship CPA Group, pllc

Blankenship CPA Group, PLLC
Brentwood, Tennessee
July 22, 2024

Mercy Multiplied America, Inc. and Subsidiary
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash	$ 1,369,759	$ 1,401,814
Contributions receivable	130,130	4,187
Other receivables	468,168	1,393,416
Inventory	44,728	27,387
Investments	2,893,733	2,582,137
Prepaid expenses	53,574	76,022
Total current assets	4,960,092	5,484,963
Cash, designated or restricted for long-term purposes	2,413,503	744,752
Investments, designated or restricted for long-term purposes	5,088,721	4,903,085
Property and equipment, net	6,725,367	6,684,681
Land held for sale	2,003,323	2,003,323
Total assets	**$ 21,191,006**	**$ 19,820,804**
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 101,931	$ 67,425
Accrued expenses	165,603	273,064
Total current liabilities	267,534	340,489
Net assets		
Without donor restrictions	14,333,558	14,267,580
With donor restrictions	6,589,914	5,212,735
Total net assets	20,923,472	19,480,315
Total liabilities and net assets	**$ 21,191,006**	**$ 19,820,804**

Mercy Multiplied America, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions of cash and other financial assets			
Contributions	$ 6,709,768	$ 1,914,272	$ 8,624,040
Special events (less direct benefit to donors of $200,768)	823,597	215,818	1,039,415
Contributions of nonfinancial assets	36,789	434,076	470,865
Resource sales	85,159	-	85,159
Investment income	494,495	-	494,495
Interest income	80,410	-	80,410
Other income	192,435	-	192,435
Net assets released from restrictions	1,186,987	(1,186,987)	-
Total support and revenues	9,609,640	1,377,179	10,986,819
Expenses			
Program services	8,118,111	-	8,118,111
Management and general	626,315	-	626,315
Fundraising	799,236	-	799,236
Total expenses	9,543,662	-	9,543,662
Change in net assets	65,978	1,377,179	1,443,157
Net assets, beginning of year	14,267,580	5,212,735	19,480,315
Net assets, end of year	**$ 14,333,558**	**$ 6,589,914**	**$ 20,923,472**

Mercy Multiplied America, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions of cash and other financial assets			
Contributions	$ 9,547,341	$ 2,820,383	$ 12,367,724
Special events (less direct benefit to donors of $68,088)	379,835	-	379,835
Contributions of nonfinancial assets	5,000	434,076	439,076
Resource sales	69,072	-	69,072
Investment income	732	-	732
Interest income	1,885	-	1,885
Other income	88,146	-	88,146
Net assets released from restrictions	1,051,346	(1,051,346)	-
Total support and revenues	11,143,357	2,203,113	13,346,470
Expenses			
Program services	7,103,076	-	7,103,076
Management and general	723,155	-	723,155
Fundraising	695,114	-	695,114
Total expenses	8,521,345	-	8,521,345
Change in net assets	2,622,012	2,203,113	4,825,125
Net assets, beginning of year	11,645,568	3,009,622	14,655,190
Net assets, end of year	**$ 14,267,580**	**$ 5,212,735**	**$ 19,480,315**

Mercy Multiplied America, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program services	Management and general	Fundraising	Total
Salaries	$ 3,885,358	$ 342,549	$ 483,903	$ 4,711,810
Benefits	507,352	44,733	63,189	615,274
Contract labor	96,731	3,066	3,819	103,616
Total compensation	4,489,441	390,348	550,911	5,430,700
Automobile	22,532	1,646	2,325	26,503
Computer and equipment	66,567	4,922	6,952	78,441
Contribution processing charges	-	65,617	-	65,617
Contributions, tithe	879,503	-	-	879,503
Cost of resources sold	8,701	-	-	8,701
Depreciation and amortization	510,392	13,674	17,952	542,018
Insurance	132,116	4,456	6,294	142,866
IT outsourcing	114,319	23,971	33,857	172,147
Marketing and public relations	88,757	18,611	26,287	133,655
New hire and staff development	59,210	8,910	12,585	80,705
Occupancy	500,064	1,131	1,598	502,793
Office	24,370	1,757	2,482	28,609
Postage	20,191	3,433	4,849	28,473
Professional fees	267,413	59,116	83,496	410,025
Repairs and maintenance	261,945	6,560	9,285	277,790
Room and board	280,678	-	-	280,678
Special events	109,441	-	109,442	218,883
Telephone	107,147	4,317	6,098	117,562
Travel, conferences, and meetings	97,028	11,932	16,854	125,814
Utilities	149,872	3,703	5,230	158,805
Miscellaneous	28,808	2,211	3,123	34,142
Total expenses before direct benefit to donors	8,218,495	626,315	899,620	9,744,430
Less direct benefit to donors	(100,384)	-	(100,384)	(200,768)
Total	**$ 8,118,111**	**$ 626,315**	**$ 799,236**	**$ 9,543,662**

Mercy Multiplied America, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program services	Management and general	Fundraising	Total
Salaries	$ 3,353,862	$ 358,020	$ 403,286	$ 4,115,168
Benefits	454,687	26,642	58,829	540,158
Contract labor	90,154	7,301	11,892	109,347
Total compensation	3,898,703	391,963	474,007	4,764,673
Automobile	33,835	3,759	-	37,594
Computer and equipment	64,881	6,921	7,805	79,607
Contribution processing charges	-	61,105	-	61,105
Contributions, tithe	1,038,650	-	-	1,038,650
Cost of resources sold	11,902	-	-	11,902
Depreciation and amortization	411,392	14,313	16,140	441,845
Insurance	122,175	10,930	7,770	140,875
IT outsourcing	102,587	10,930	12,196	125,713
Marketing and public relations	55,131	-	55,131	110,262
New hire and staff development	37,430	3,993	4,503	45,926
Occupancy	446,799	57,731	521	505,051
Office	17,086	1,823	2,055	20,964
Postage	14,794	1,578	1,780	18,152
Professional fees	164,453	130,841	72,722	368,016
Repairs and maintenance	177,224	4,250	4,792	186,266
Room and board	190,583	-	-	190,583
Special events	44,735	-	44,734	89,469
Telephone	50,773	5,417	6,108	62,298
Travel, conferences, and meetings	59,689	7,461	7,461	74,611
Utilities	184,868	9,134	10,299	204,301
Miscellaneous	9,430	1,006	1,134	11,570
Total expenses before direct benefit to donors	7,137,120	723,155	729,158	8,589,433
Less direct benefit to donors	(34,044)	-	(34,044)	(68,088)
Total	**$ 7,103,076**	**$ 723,155**	**$ 695,114**	**$ 8,521,345**

Mercy Multiplied America, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash, beginning of year	$ 2,146,566	$ 5,525,711
Cash flows from operating activities		
Change in net assets	1,443,157	4,825,125
Adjustments to reconcile change in net assets		
to net cash provided (used) by operating activities:		
Cash contributions for property and equipment	(1,722,909)	(2,598,274)
Income on investments	(494,495)	(732)
Depreciation and amortization	542,018	441,845
Change in:		
Contributions receivable	(125,943)	171,967
Other receivables	925,248	(10,411)
Inventory	(17,341)	3,207
Prepaid expenses	22,448	(40,725)
Accounts payable	34,506	12,665
Accrued expenses	(107,461)	(25,823)
Net cash provided (used) by operating activities	499,228	2,778,844
Cash flows from investing activities		
Purchases of investments	(12,592,613)	(9,468,980)
Sales of investments	12,589,876	1,984,490
Purchases of property and equipment	(582,707)	(1,271,773)
Net cash provided (used) by investing activities	(585,444)	(8,756,263)
Cash flows from financing activities		
Cash contributions for property and equipment	1,722,909	2,598,274
Net change in cash	1,636,693	(3,379,145)
Cash, end of year	**$ 3,783,259**	**$ 2,146,566**
Reconciliation of cash to statements of financial position		
Cash	$ 1,369,759	$ 1,401,814
Cash, designated or restricted for long-term purposes	2,413,503	744,752
	$ 3,783,262	**$ 2,146,566**
Supplemental disclosures of cash flow information		
Disposals of fully depreciated property and equipment	$ 2,009,590	$ 91,701

Note 1. **Organization and Nature of Activities**

Mercy Multiplied America, Inc. and Subsidiary (the Ministry) is a Tennessee not-for-profit corporation whose mission is to provide opportunities for all to experience God's unconditional love, forgiveness, and life-transforming power. The Ministry serves this mission in four ways: residential counseling programs, outpatient counseling services, retreat experiences, and outreach resources and training.

The Ministry's residential counseling program is voluntary, biblically-based, and helps young women ages 13–32 break free from life-controlling issues and situations, including anxiety, depression, abuse, eating disorders, self-harm, addictions, unplanned pregnancy, and sex trafficking. These residential services are offered free of charge. The Ministry currently operates Mercy homes in California and Tennessee. In 2020, the Ministry launched its first Mercy Multiplied Center for Wellness and Counseling in West Monroe, Louisiana, offering free-of-charge outpatient counseling to women aged 13 and older and in 2022 added services for men. In 2022, the Ministry launched its second Center for Wellness and Counseling at their St. Louis location, and additionally launched the Keys to Freedom retreat there in 2023. The Ministry's Outreach services train and resource men and women to effectively support and minister to those who are hurting and struggling through workshops, videos, podcasts, discipleship teaching, and other practical resources.

Effective January 27, 2022, a sister organization, Mercy Multiplied International, Inc. (MMI, INC), merged into Mercy Multiplied International, LLC (MMILLC), a wholly owned sub of the Ministry. Prior to the merger, MMI, INC was the custodian and owner of the Mercy Multiplied program and brand on a global basis and oversaw the Ministry Collaboration Agreements (MCA) with affiliates. This oversight is now provided by the Ministry.

Through MMILLC, the Ministry owns and shares with global affiliates the intellectual property developed or owned by the Ministry, including program standards and branding. The Ministry supports the mission of its ministry affiliates, which is to provide opportunities for all to experience God's unconditional love, forgiveness, and life-transforming power. The affiliates serve this mission through a donor-funded, free-of-charge program called the *Freedom Course* and through outreach programs and resources. The *Freedom Course* is an online program specifically designed to promote faith, change hearts, and stop destructive cycles by addressing the whole person, body, soul, and spirit. Affiliate outreach initiatives are designed for men and women and seek to bring awareness to life-controlling issues, teach keys to lasting freedom, and share practical insights into helping others who are struggling. The Ministry itself does not operate any of the affiliate programs. The Ministry oversees the uniform implementation and maintenance of the standards of the Ministry worldwide through the MCA's with affiliate organizations. The Ministry has collaboration agreements with three affiliates: Mercy United Kingdom, Mercy Canada Society, and Mercy Beyond Limited.

Principles of Consolidation

The accompanying financial statements include the accounts of Mercy Multiplied America, Inc. and Mercy Multiplied International, LLC, its wholly-owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Note 2. **Summary of Significant Accounting Policies**

Basis of Presentation
The financial statements of the Ministry have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires the Ministry to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Ministry. These net assets may be used at the discretion of the Ministry's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Ministry or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Contributions Receivable
Contributions receivable represent those contributions received immediately after year-end that are postmarked prior to year-end and pledges made at fundraising events.

Other Receivables
Included in other receivables are refundable tax credits applied for under the COVID-related Tax Relief Act of 2020 in the amount of $456,163 and $1,383,005 at December 31, 2023 and 2022, respectively. These refundable credits are expected to be received during 2024.

Inventory
Inventory consists of paperback copies of books written by the founder of the Ministry, jewelry, and apparel. Inventory is stated at the lower of cost, determined on a first-in, first-out basis, or net realizable value.

Investments
Investments are composed of fixed income securities and mutual funds and are valued at market value.

Note 2. **Summary of Significant Accounting Policies**

Property and Equipment

The Ministry's policy is to capitalize all property and equipment over $2,000. Property and equipment acquisitions are recorded at cost. Donations of property and equipment are recorded as revenues at their estimated fair value. Such donations are reported as revenues without donor restrictions unless the donor has restricted the donated asset to a specific purpose or for a specific time period. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the assets' estimated useful lives using the straight-line method. Buildings and improvements are generally depreciated over 7 to 40 years. Equipment and furniture are depreciated over 3 to 10 years. Vehicles are depreciated over 5 years. Website, software, and database costs are amortized over a period of 3 to 7 years.

Compensated Absences

Employees of the Ministry are entitled to paid time off including vacation, sick days, and personal days off, depending on job classification, length of service, and other factors. The Ministry's policy is to recognize the costs of compensated absences when earned. Accrued compensated absences are included with accrued expenses on the accompanying statements of financial position and totaled $35,659 and $94,954 at December 31, 2023 and 2022, respectively.

Income Taxes

The Ministry is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the tax laws of the state of Tennessee.

Contributions of Cash and Other Financial Assets

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. 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 statements of activities as net assets released from restrictions.

Contributions of Nonfinancial Assets

Various volunteers donate many hours to the Organization's program services and fundraising campaigns. These contributed services are not reflected in the financial statements because the activities do not meet the necessary criteria for recognition under US GAAP. Property, equipment, materials, and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of contribution based upon information provided by third-party providers.

Note 2. **Summary of Significant Accounting Policies**

Functional Allocation of Expenses

The costs of providing various program and supporting services of the Ministry have been summarized on a functional basis. Accordingly, certain expenses have been allocated among program (counseling and outreach), management and general, and fundraising expenses. Expenses requiring allocation on the statements of functional expenses are allocated based on management's estimate of time and effort spent.

Program expenses consist of the activities that promote the Ministry's vision, including the operation of the residential program, counseling services, Christian education, outreach initiatives, publication and media that supports the Ministry's mission, and other activities that fulfill the purpose for which the Ministry exists.

Management and general expenses include oversight, business management, and finance activities. These expenses are not identifiable with program or fundraising activities, but are indispensable in conducting those activities and to the Ministry's existence.

Fundraising expenses relate to those activities that promote the growth of contributions, gifts, grants, etc., including conducting fundraising campaigns and events, maintaining donor information, distributing fundraising materials, and conducting other fundraising activities.

The Ministry's policy is to report all joint costs not specifically attributable to particular components of the activities as allocated among program, management and general, and fundraising expenses.

The Ministry donates 10% of its unrestricted cash contributions as a tithe to other organizations or individuals that are involved in activities aligned with the Ministry's mission and vision.

Leases

The Ministry determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Ministry also considers whether its service arrangements include the right to control the use of an asset. If material, the Ministry recognizes leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. The Ministry made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

Reclassifications

Certain reclassifications have been made to the 2022 financial statement presentation to correspond to the current year's format. The total net assets and change in net assets are unchanged due to these reclassifications.

Note 3. **Liquidity and Availability**

The following represents the Ministry's financial assets:

	2023	2022
Financial assets		
Cash	$ 3,783,262	$ 2,146,566
Contributions receivable	130,130	4,187
Refundable tax credits and other receivables	468,168	1,393,416
Investments	7,982,454	7,485,222
Total financial assets at year-end	12,364,014	11,029,391
Less amounts not available to be used within one year:		
Amounts permanently restricted for working capital	(550,000)	(550,000)
Amounts with donor restrictions for long-term purposes	(5,973,000)	(4,564,217)
Amounts designated for working capital	(450,000)	(450,000)
Amounts designated for long-term purposes	(204,231)	-
Amounts designated or restricted for capital fund	(324,993)	(83,620)
Financial assets available to meet cash needs for general expenditures within one year	**$ 4,861,790**	**$ 5,381,554**

As part of its liquidity plan, the Ministry has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Ministry has a working capital fund consisting of permanently restricted donations and of internally designated operating surplus which represents additional funds available to cover fluctuations in liquidity. The Ministry receives year-round donations from supporters and makes specific appeals at strategic times of the year for specific projects. Cash flow is tracked through regular budget to actual comparisons which are monitored by management and the board of directors.

Note 4. **Concentrations**

The Ministry has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately $3,104,000 and $2,109,000 at December 31, 2023 and 2022, respectively. The Ministry maintains its cash with a high quality financial institution which the Ministry believes limits these risks.

Note 5. **Investments**

The Ministry's investments consist of the following:

	2023	2022
Cash funds	$ 32,093	$ 910,469
Fixed income, U.S. Treasury bills and notes	5,044,804	5,724,990
Fixed income, exchange traded funds	-	634,850
Equity, exchange traded funds	2,643,295	-
Fixed income, mutual funds	262,262	214,913
	$ 7,982,454	**$ 7,485,222**

Note 5. **Investments**

The investments are held for the following purposes:

		2023		2022
Funds restricted or designated for future Florida home	$	4,088,721	$	3,903,085
Funds restricted for working capital		550,000		550,000
Funds designated for working capital		450,000		450,000
General reserve		2,893,733		2,582,137
	$	**7,982,454**	**$**	**7,485,222**

Total investment income, net of fees, on these investments was $494,495 and $732 for 2023 and 2022, respectively. See note 13 for information regarding the funds restricted for the future Florida home and working capital funds.

US GAAP requires the Ministry to disclose the basis for considering market participant assumptions in fair value measurements. Fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). All of the Organization's investments are valued using Level 1 inputs.

Note 6. **Property and Equipment**

A summary of property and equipment is as follows:

		2023		2022
Land – developed	$	1,001,281	$	1,001,281
Land – Destin, Florida – undeveloped		1,040,525		1,040,525
Development costs – Destin, Florida		186,085		186,085
Buildings and improvements		8,600,029		7,749,284
Renovations in process		209,575		965,788
Equipment and furnishings		923,872		2,304,569
Vehicles		108,241		197,345
Website, software, and database		55,250		106,523
Less: accumulated depreciation		(5,399,491)		(6,866,719)
Property and equipment, net	**$**	**6,725,367**	**$**	**6,684,681**

During 2023, when switching to new accounting software, the Ministry carefully evaluated its detailed listing of property and equipment. This review resulted in removing $2,009,590 of fully depreciated property and equipment no longer in use. This removal had no impact on the change in net assets since the assets were fully depreciated.

Note 7. **Land Held for Sale**

Land held for sale of $2,003,323 consists of approximately 6.75 acres of an 11.75-acre plot of undeveloped land in Destin, Florida. On December 1, 2023, the Ministry entered into an agreement to sell the land. The buyer is currently performing its due diligence related to the extent of feasible development. Closing on the sale is expected before the end of 2024. The remainder of the Destin, Florida land is to be used for future ministries facilities and is included in property and equipment.

Note 8. **Joint Costs**

During the year ended December 31, 2023 and 2022, the Ministry incurred joint costs of $218,883 and $89,469, respectively, for special events that included both educational outreach activities and fundraising appeals. The Ministry allocated $109,441 and $34,044, respectively, to program services, and $109,441 and $34,044, respectively, to fundraising.

Note 9. **Contributed Nonfinancial Assets**

The following represents contributed nonfinancial assets:

	2023	**2022**
Contributions with donor restrictions/expenses		
Sacramento facility rent	$ 434,076	$ 434,076
Contributions without donor restrictions/expenses		
Supplies	36,789	-
Special events	-	5,000
	$ 470,865	**$ 439,076**

On a rent-free basis, the Ministry has a year-to-year operating lease for its residential facility in Sacramento, California. The lease includes four successive, optional one-year terms through December 31, 2024. The lease requires the Ministry to reimburse the owner for the related property taxes which totaled $45,701 and $45,951 for 2023 and 2022, respectively. The owner of the facility provided the Ministry with an estimated fair value of rent associated with the use of the facility. Other supplies and materials used in programming and special event fundraising are valued at the estimated fair value at the time of contribution.

Note 10. **Contingencies and Commitments**

In 2001, a not-for-profit entity contributed land with a value of approximately $790,000, on which the St. Louis facility was constructed. The deed to this land contains certain restrictions which require the property to revert to the contributing not-for-profit entity if the property ceases to be used by the Ministry for approved ministry purposes.

The ministry has entered into operating and financing leases for several pieces of office equipment. These leases are not material and therefore are not reported as lease right-of-use assets and lease liabilities.

Note 11. **Related Party Transactions**

As described in note 1, MMI, Inc. merged into the Ministry for operational and financial efficiencies. Prior to the January 27, 2022 merger, MMI was a separate not-for-profit organization, maintaining a separate board of directors and organizational structure from the Ministry. MMI was not reported on a consolidated basis with the Ministry prior to the merger. The effect of the merger on January 27, 2022 was to increase the cash of the Ministry by $2,655.

Note 12. **Retirement Plan**

On January 1, 2019, the Ministry adopted a 401(k) retirement plan for its employees in which the Ministry matches 50% of employee contributions up to 3% of compensation for each participating employee. The expense totaled $44,495 and $50,596 for 2023 and 2022, respectively.

Note 13. **Net Assets**

Net assets without donor restrictions consist of the following:

	2023	**2022**
Undesignated net assets without donor restrictions	$ 13,354,334	$ 13,733,960
Designated net assets		
Development of Florida home	204,231	-
Maintenance fund	324,993	83,620
Working capital fund	450,000	450,000
	$ 14,333,558	**$ 14,267,580**

Net assets with donor restrictions are restricted for the following:

	2023	**2022**
Time and purpose restrictions		
Development of Florida home	$ 5,855,832	$ 4,384,564
Nashville capital projects	87,500	-
Christmas funds	65,439	73,793
Sacramento capital projects	29,668	6,233
Adoption department	1,475	6,050
St. Louis furnishing and equipment	-	155,719
Software	-	17,700
Residents	-	9,704
Scholarship fund	-	6,500
Bibles	-	2,472
	6,039,914	4,662,735
Held in perpetuity, income is expendable		
Working capital fund	550,000	550,000
Total net assets with donor restrictions	**$ 6,589,914**	**$ 5,212,735**

Note 13. **Net Assets**

The working capital fund of $550,000 is held in perpetuity and represents donations received for the Ministry's working capital fund. Additionally, the Ministry has internally designated an additional $450,000 to bring the total to $1,000,000. The intent of this fund is to allow the Ministry to have a permanent source of short-term capital that eliminates the need for a line of credit. These funds function as a quasi-endowment. The Ministry can use these funds throughout the year when there are fluctuations in cash flow. The Ministry then replenishes the balance when cash flow is available. As of December 31, 2023 and 2022, these funds are held as part of the investments restricted or designated for long-term purposes on the statements of financial position. All earnings on these funds are unrestricted.

Net assets released from restrictions include the following:

	2023	2022
Sacramento in-kind lease	$ 434,076	$ 434,076
Outreach	235,818	6,500
St. Louis furnishing and equipment	155,719	363,815
Christmas funds	102,641	30,152
Sacramento capital projects	78,565	44,342
Home operations	65,846	121,748
Florida home	34,141	2,088
Nashville capital projects	28,000	1,000
Software	17,700	-
Educational scholarship fund	13,500	11,000
Residents	10,704	1,950
Adoption department	7,805	7,460
Bibles	2,472	-
Planned giving program	-	11,600
Corporate furnishing and equipment	-	9,000
Information technology equipment	-	6,130
Leadership training	-	485
	$ 1,186,987	**$ 1,051,346**

Note 14. **Subsequent Events**

The Ministry has evaluated subsequent events through July 22, 2024, the date on which the financial statements were available to be issued.