DENISON MINISTRIES

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

DENISON MINISTRIES
TABLE OF CONTENTS
DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Denison Ministries

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Denison Ministries, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Denison Ministries as of December 31, 2022 and 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Denison Ministries 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, Denison Ministries has changed its method of accounting for leases as of January 1, 2022, due to the adoption of Accounting Standards Update No. 2016-02, *Leases* (Topic 842).

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 Denison Ministries' ability to continue as a going concern for one year after the date that the financial statements are 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 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Denison Ministries' 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 Denison Ministries' 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.

Salmon Sims Thomas

Salmon Sims Thomas & Associates
A Professional Limited Liability Company

August 17, 2023

Denison Ministries
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,059,623	$ 2,312,830
Accounts receivable	692	992
Contributions receivable, current	837,500	500,000
Investments	921,210	1,066,381
Prepaid expenses	108,757	151,786
Total Current Assets	3,927,782	4,031,989
Noncurrent Assets		
Beneficial interest held by others	13,277	12,590
Security deposit	11,115	11,115
Operating lease right-of-use asset	765,955	-
Property and equipment, net	334,823	128,072
Total Noncurrent Assets	1,125,170	151,777
TOTAL ASSETS	$ 5,052,952	$ 4,183,766
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 95,929	$ 78,824
Accrued expenses	938	3,970
Accrued payroll liabilities	170,332	196,446
Operating lease liability, current	120,918	-
Total Current Liabilities	388,117	279,240
Noncurrent Liabilities		
Annuity payment liability	43,888	59,032
Deferred rent	-	30,187
Operating lease liability, net of current portion	662,263	-
Total Noncurrent Liabilities	706,151	89,219
TOTAL LIABILITIES	1,094,268	368,459
Net Assets		
Without Donor Restrictions		
Undesignated	2,466,670	3,142,070
Designated	523,731	618,237
	2,990,401	3,760,307
With Donor Restrictions	968,283	55,000
Total Net Assets	3,958,684	3,815,307
TOTAL LIABILITIES AND NET ASSETS	$ 5,052,952	$ 4,183,766

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

Denison Ministries
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022	2021
Without Donor Restrictions		
Revenues and Support		
Contributions	$ 5,852,932	$ 7,236,497
Sales and other income	136,582	133,962
Investment income (loss)	(107,682)	130,757
In-kind income	593	17,325
	5,882,425	7,518,541
Net assets released from restriction	304,467	50,000
Total Revenues and Support	6,186,892	7,568,541
Expenses		
Program services	4,029,813	4,575,957
Supporting services	2,926,985	3,270,065
Total Expenses	6,956,798	7,846,022
Decrease in Net Assets Without Donor Restrictions	(769,906)	(277,481)
With Donor Restrictions		
Contributions	1,217,750	105,000
Net assets released from restriction	(304,467)	(50,000)
Increase in Net Assets With Donor Restrictions	913,283	55,000
Increase (Decrease) in Total Net Assets	$ 143,377	$ (222,481)

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

Denison Ministries
Statements of Changes in Net Assets
For the Years Ended December 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, December 31, 2020	$ 4,037,788	$ -	$ 4,037,788
Increase (Decrease) in Net Assets	(277,481)	55,000	(222,481)
Net Assets, December 31, 2021	3,760,307	55,000	3,815,307
Increase (Decrease) in Net Assets	(769,906)	913,283	143,377
Net Assets, December 31, 2022	$ 2,990,401	$ 968,283	$ 3,958,684

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

Denison Ministries
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services					Supporting Services		
	Christian Parenting	Denison Forum	Denison Ministries	First15	Possum Kingdom	General & Administrative	Fundraising	Total
Salaries and benefits	$ 421,068	$ 1,011,356	$ 994,019	$ 110,826	$ 28,461	$ 1,471,845	$ 659,811	$ 4,697,386
Brand resources	203,578	25,632	31,943	6,794	-	-	-	267,947
Talent development	539	3,717	19,718	-	-	28,482	13,145	65,601
Donor relations and development	143,298	214,299	2,197	23,077	-	-	311,261	694,132
Professional fees	-	-	-	-	-	122,306	-	122,306
Advertising, promotion, and growth	11,324	31,041	-	9,230	-	-	7,438	59,033
Occupancy	23,436	23,436	23,436	23,436	-	17,577	5,859	117,180
Information technology	40,341	26,969	279,567	72,262	660	31,078	14,344	465,221
Administration and office expenses	5,979	14,181	11,319	8,259	-	197,070	1,736	238,544
Pastoral care	-	-	-	-	19,321	-	-	19,321
Bank and merchant fees	7,657	50,710	5,499	22,967	-	-	-	86,833
Travel	11,495	9,451	17,280	1,848	3,971	24,960	11,520	80,525
Depreciation and amortization	8,554	8,554	8,554	8,554	-	6,415	2,138	42,769
	$ 877,269	$ 1,419,346	$ 1,393,532	$ 287,253	$ 52,413	$ 1,899,733	$ 1,027,252	$ 6,956,798

The accompanying notes are an integral part of this financial statement.

Denison Ministries
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services					Supporting Services		
	Christian Parenting	Denison Forum	Denison Ministries	First15	Possum Kingdom	General & Administrative	Fundraising	Total
Salaries and benefits	$ 395,683	$ 928,091	$ 629,215	$ 169,615	$ 21,878	$ 1,610,020	$ 656,866	$ 4,411,368
Brand resources	113,383	74,962	6,931	48,028	-	-	-	243,304
Talent development	1,178	1,917	30,055	1,064	-	21,640	9,618	65,472
Donor relations and development	112,283	308,577	7,708	63,870	-	-	519,432	1,011,870
Professional fees	-	-	-	-	-	90,363	-	90,363
Advertising and promotion	237,005	368,445	4,998	353,926	-	-	95,710	1,060,084
Occupancy	23,741	23,741	23,741	23,741	-	20,105	5,935	121,004
Information technology	27,807	26,885	249,745	68,081	2,345	29,108	9,584	413,555
Administration and office expenses	2,979	2,979	68,412	2,979	-	158,325	21,683	257,357
Pastoral care	-	-	-	-	19,429	-	-	19,429
Bank and merchant fees	7,211	53,946	2,670	20,431	-	-	-	84,258
Travel	4,489	3,915	18,010	6,830	1,254	12,967	5,762	53,227
Depreciation and amortization	2,946	2,946	2,946	2,946	-	2,210	737	14,731
	$ 928,705	$ 1,796,404	$ 1,044,431	$ 761,511	$ 44,906	$ 1,944,738	$ 1,325,327	$ 7,846,022

The accompanying notes are an integral part of this financial statement.

Denison Ministries
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets	$ 143,377	$ (222,481)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation and amortization	42,769	14,731
Net operating lease right-of-use asset and lease liability	17,226	-
Unrealized (gain) loss on investments	168,427	(87,524)
Realized (gain) loss on investments	(1,014)	148
Reinvested dividends and interest	(26,732)	(25,409)
Donation of securities	(528,204)	(96,639)
Annuity payment liability	(15,144)	(8,083)
Beneficial interest held by others	(687)	(146)
Changes in operating assets and liabilities:		
Accounts receivable	300	(992)
Contributions receivable	(337,500)	500,000
Prepaid expenses	43,029	(78,756)
Accounts payable	17,105	29,653
Accrued expenses	(3,032)	(30,031)
Accrued payroll liabilities	(26,114)	60,616
Deferred rent	(30,187)	(9,011)
Deferred revenue	-	(500,000)
Net Cash Used by Operating Activities	(536,381)	(453,924)
Cash Flows From Investing Activities		
Purchase of property and equipment	(249,520)	(94,129)
Proceeds from sale of investments	532,694	126,645
Purchase of investments	-	(313,302)
Net Cash Provided (Used) by Investing Activities	283,174	(280,786)
Net Decrease in Cash and Cash Equivalents	(253,207)	(734,710)
Cash and Cash Equivalents, Beginning of Year	2,312,830	3,047,540
Cash and Cash Equivalents, End of Year	$ 2,059,623	$ 2,312,830

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

Note 1: Summary of Significant Accounting Policies

Organization

Denison Ministries (Organization) is a nonprofit corporation that exists to create culture changing Christians who are committed to advancing the kingdom in their sphere of influence. The Organization aspires to equip believers every day through the following core programs: Christian Parenting, Foundations with Janet Denison (included with Christian Parenting in the statement of functional expenses), Denison Forum, Denison Ministries, First15, and Possum Kingdom.

Christian Parenting's mission is to equip believers to disciple the next generation to love and follow Jesus. Janet Denison's ministry is a Bible study ministry devoted to helping others understand and apply the truth of God's word to their daily lives. Denison Forum thoughtfully engages the issues of the day from a biblical perspective to help believers be a light where they are. Denison Ministries seeks to bring life transformation through meaningful content. First15 is a daily devotional ministry that provides believers a way to experience God in the first fifteen minutes of their day. Possum Kingdom is the physical expression of the Organization's ministry, where Sunday morning worship services are conducted by Denison Ministries on behalf of a gathering of believers.

The content of these ministries currently reaches over five million believers through a variety of methods, including email, web, app, podcast and print. The Organization's revenue is derived mainly from contributions.

The summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation

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

> Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
>
> Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations. Net assets that are without donor restrictions but have been designated for a particular purpose by the Board, if any, are reflected as Board Designated Net Assets.

Note 1: Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (*i.e.*, the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly-liquid investments with original maturity dates of three months or less to be cash equivalents. Cash equivalents were $429,652 and $83,654 as of December 31, 2022 and 2021, respectively. The Organization places its cash and cash equivalents, which, at times, may exceed federally insured limits, with high-credit quality financial institutions. The Organization has not experienced any losses on such amounts.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. The Organization has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Organization qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities and changes in net assets or accrued in the statements of financial position. Federal and state tax returns of the Organization are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Donated Stock

Securities that have been donated are recorded at the fair market value as of the date of the gift. The Organization converts equities to cash equivalents upon receipt. Increases or decreases in fair market value are recorded as unrealized gains or losses and reflected on the statements of activities.

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost when purchased or fair value at the date of donation, less accumulated depreciation and amortization. Major expenditures and expenditures which substantially increase useful lives are capitalized. Maintenance and repairs, which do not improve or extend the lives of the respective assets, are included in the statements of activities when incurred. When property or equipment is sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in the statements of activities.

Depreciation is calculated using the straight-line convention over the estimated useful lives of the respective assets. Estimated useful lives are as follows:

Furniture and fixtures	7 years
Equipment	5 years
Leasehold improvements	7 years
Software	5 years

Inventory

The Organization publishes and distributes books and related resources as part of its ministry. The books are primarily distributed at or near cost and do not have long-term value to the Organization. As such, no inventory is recorded on the Organization's financial statements.

Deferred Rent

Prior to January 1, 2022, in accordance with ASC Topic 840, *Leases, t*he Organization recorded an operating lease agreement containing provisions for future rent increases and periods of reduced rent payments. In accordance with GAAP, the Organization recorded monthly rent expense equal to the total of the payments due over the lease term. The difference between rent expense recorded and the amount paid was credited or charged to deferred rent.

Leases

The Organization determines if a contract is classified as a lease at the contract's inception. Lease agreements are evaluated to determine whether the lease is a finance or operating lease. Right-of use (ROU) assets and lease liabilities are recognized at the implementation date or the lease commencement date based on the net present value of lease payments over the remaining lease term. The Organization's leases do not provide an implicit rate; therefore, the Organization has elected to use a risk-free rate as its incremental borrowing rate, based on information available at the implementation or commencement date to determine the present value of the lease payments over the remaining term. Leases with an initial term of 12 months or less are not recorded on the accompanying balance sheet and are recognized as lease expense on a straight-line basis over the lease term.

Accounting Pronouncement Adopted in 2022

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), which introduced a lessee model that requires the majority of leases to be recognized on the balance sheet. On January 1, 2022, the Organization adopted the ASU using the modified retrospective transition approach and elected the transition option to recognize the adjustment in the period of adoption rather than in the earliest period presented. Adoption of the new guidance resulted in ROU assets and liabilities. As result, deferred rent was eliminated.

As part of the adoption process, the Organization made the following elections:

- The Organization elected the hindsight practical expedient, for all leases.
- The Organization elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classifications and initial direct costs for all leases.
- The Organization elected to make the accounting policy election for short-term leases resulting in lease payments being recorded as an expense on a straight-line basis over the lease term.

Refer to Note 4 of our financial statements for further disclosures regarding the impact of adopting this standard.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocations are based on time and effort spent in each area. The expenses that are allocated include salaries and benefits, occupancy, depreciation and amortization, and donor relations and development, along with other program expenses. All other natural expense categories using the key concept of direct conduct or direct supervision are 100% charged to the benefiting program or support service.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording depreciable lives of fixed assets, the realization of contributions receivable, and the functional allocation of expenses. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

Note 1: Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Assets Held by Others

The Organization is the specified beneficiary of gift annuities held by HighGround Advisors. In accordance with FASB ASC Topic 958 *Not-for-Profit Entities* (formerly SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*), for those assets which the Organization has an unconditional right to receive all or a portion of the specified cash flows from the charitable trust or pool of assets, the Organization records the beneficial interest, measuring it at the net present value of the expected remainder at year end. The beneficial interest in assets held by others is subsequently re-measured at the present value of the remainders at the following year end, using the various discounted rates with the change in valuation reflected in the statements of activities and changes in net assets. It is included as a level 3 asset in the fair value disclosure at Note 6.

Other Investments

During 2020, the Organization received a charitable gift annuity of $100,000, which is held by HighGround Advisors (HGA) and included in Investments in the statements of financial position as of December 31, 2022 and 2021. The Charitable Gift Annuity requires quarterly payments to the donor until the time of death. A liability for these payments has been recorded in the statements of financial position as of December 31, 2022 and 2021.

Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, provides the 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) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy under FASB ASC Topic 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 fund has the ability to 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

The asset's 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2022 and 2021.

Balanced Funds: Valued at the net asset value (NAV) of shares held at year end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. These balanced funds are classified within Level 2 of the valuation hierarchy because the NAV's unit price is quoted on a private market; however, the unit price is based on underlying investments which are traded on an observable active market. The balanced funds consist of a mix of equity funds, fixed income funds, real estate funds, and marketable alternative funds.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The provisions of FASB ASC Topic 820 did not have an impact on the Organization's nonfinancial assets and nonfinancial liabilities that are not permitted or required to be measured at fair value on a recurring basis.

Date of Management's Review

Subsequent events have been evaluated for potential recognition or disclosure through August 17, 2023, which is the date the financial statements were available to be issued. See Note 12.

Note 2: Contributions Receivable

As of December 31, 2022, contributions receivable consists of future payments due from a foundation within twelve months. As of December 31, 2021, contributions receivable was as a result of a three-year grant agreement signed during 2020. The grant agreement consisted of three payments of $500,000 to be received each year when the conditions of the grant were met. The first two payments of $500,000 were received during the year ended December 31, 2020 and 2021, and the remaining payment of $500,000 was received during the year ended December 31, 2022. As outstanding balances at December 31, 2022 and 2021 were deemed collectible, no allowance for doubtful accounts was recorded.

Note 3: Property and Equipment

Property and equipment at December 31, 2022 and 2021 consisted of the following:

	2022	2021
Furniture and fixtures	$ 46,318	$ 46,318
Equipment	34,257	34,257
Leasehold improvements	26,401	26,401
Software	343,648	94,128
Total Property and Equipment	450,624	201,104
Less accumulated depreciation	(115,801)	(73,032)
Net Property and Equipment	$ 334,823	$ 128,072

Note 4: Lease Commitments

The Organization has obligations under noncancelable lease agreements for the use of office space and certain office equipment expiring between 2024 and 2029. Lease expense for 2022 and 2021 related to these leases totaled approximately $131,000 and $119,000, respectively.

The Organization's weighted average remaining lease term relating to its operating leases is 6.65 years, with a weighted average discount rate of 1.63%.

Future minimum lease payments required under these lease agreements are approximately as follows:

For the years ending December 31,	
2023	$ 133,695
2024	87,620
2025	127,472
2026	129,333
2027	131,758
2028 and thereafter	224,717
Total lease payments	834,595
Less interest	51,414
Present value of lease liabilities	$ 783,181

The Organization had short term lease expense for 2022 and 2021 of approximately $3,000 and $800, respectively.

Note 5: Investments

As of December 31, 2022 and 2021, investments consisted of the following:

	2022	2021
Balanced funds	$ 921,210	$ 1,066,381
Beneficial interest	13,277	12,590
	$ 934,487	$ 1,078,971

Investment income (loss) for the years ended December 31, 2022 and 2021 consisted of the following:

	2022	2021
Dividends and interest, cash portion	$ 17,168	$ 9,743
Reinvested dividends and interest	26,732	25,409
Realized gains (losses)	1,014	(148)
Unrealized gains (losses) (Investments)	(168,427)	87,524
Unrealized gains (losses) (Beneficial interest)	687	146
Change in annuity liability	15,144	8,083
	$ (107,682)	$ 130,757

Note 6: Fair Value of Financial Instruments

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022 and 2021:

	Assets at Fair Value as of December 31, 2022			
	Level 1	***Level 2***	***Level 3***	***Total***
Common stock	$ -	$ -	$ -	$ -
Balanced funds	-	921,210	-	921,210
Beneficial interest	-	-	13,277	13,277
Investments at fair value	$ -	$ 921,210	$ 13,277	$ 934,487

	Assets at Fair Value as of December 31, 2021			
	Level 1	***Level 2***	***Level 3***	***Total***
Common stock	$ -	$ -	$ -	$ -
Balanced funds	-	1,066,381	-	1,066,381
Beneficial interest	-	-	12,590	12,590
Investments at fair value	$ -	$ 1,066,381	$ 12,590	$ 1,078,971

Note 7: Board Designated Quasi-Endowment Fund

The Board of Directors (Board) has designated certain cash and investments as a Quasi-Endowment (endowment) fund. No part of the endowment funds may be transferred to another Organization, agency, or individual without Board approval. In addition, the Organization may not withdraw funds from the endowment without Board approval.

The Organization has adopted an investment approach for endowment assets that attempts to protect the related assets and provide a reasonable return until authorized use. The Organization's investment philosophy is to invest in secure vehicles, obtain adequate return on investment and invest in vehicles which are compatible with purposes of the Organization. To satisfy its long-term objectives, the Organization relies primarily on a strategy of asset diversification through professional investment managers.

The Organization does not accept donor contributions to the endowment fund with donor-imposed restrictions. Investment income attributed to the endowment fund includes capital gains, unrealized gains/losses, and realized gains/losses. All interest and dividends reinvested in Organization investments is considered part of the operating fund.

The endowment fund is for future use by the Organization. The designated quasi-endowment rollforward for the years ended December 31, 2022 and 2021, was as follows:

December 31, 2020	$	551,591
Contributions		24,888
Investment gains		66,646
Expenses		(24,888)
December 31, 2021		618,237
Contributions		26,732
Investment losses		(94,506)
Expenses		(26,732)
December 31, 2022	$	523,731

Note 8: Retirement Plan

The Organization has a voluntary 403(b)(9) plan for all employees, other than leased employees and certain other employee classifications, which is managed by a third-party entity. Employees can make contributions, subject to certain limitations, on a pre-tax basis. The Organization has discretionary authority to contribute additional non-matching funds to certain eligible employees and also matches 100% of employee contributions up to 5%, for certain employees. The Organization's contribution was $328,187 and $298,986 for the years ended December 31, 2022 and 2021, respectively.

Note 9: Related Party Transactions

The Organization conducts program activities with Possum Kingdom Lake Ministries, Inc. (Chapel) whereby the Organization provides a regular Sunday morning worship service to a gathering of believers. The Organization covers the cost of these activities. The Chapel is a separate 501(c)(3) organization that receives donations directly from donors, and there are no shared board members. If donations for the Chapel are received by the Organization, they are recorded as amounts held for others until remitted to the Chapel. As of December 31, 2022 and 2021, the Organization did not have any amounts held for others related to these donations.

Expenses related to program activities at the Chapel included salaries, information technology, pastoral care, and travel and totaled $52,413 and $44,906 for the years ended December 31, 2022 and 2021, respectively.

Note 10: Net Assets With Donor Restrictions

As of December 31, 2022 and 2021, net assets with donor restrictions consisted of the following:

	2022	2021
First15 app	$ -	$ 55,000
Going Deeper	820,250	-
Worship project	20,721	-
New program staff	127,312	-
Total assets with donor restrictions	$ 968,283	$ 55,000

Net assets released from donor restrictions during 2022 and 2021 consisted of the following amounts:

	2022	2021
First15 app	$ 205,000	$ 50,000
Marketing	50,000	-
Worship	1,779	-
New program staff	47,688	-
Total releases from donor restrictions	$ 304,467	$ 50,000

Note 11: Liquidity and Availability

The Organization is substantially supported by unrestricted contributions, but the Board has designated some of these funds for specific purposes. Because the Board's designation requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

Note 11: Liquidity and Availability (Continued)

The following reflects the Organization's financial assets, reduced by the amounts not available for general use because of Board designations within one year of the statement of financial position date:

	2022	2021
Financial assets available at year end	$ 3,819,025	$ 3,880,203
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	(968,283)	(55,000)
Board designated	(523,731)	(618,237)
Financial assets available within one year to meet cash needs for general expenditures	$ 2,327,011	$ 3,206,966

Note 12: Subsequent Event

Effective June 30, 2023, the Organization entered into a new agreement related to the lease of office space which reduced the square footage leased by the Organization. The operating lease right-of-use- asset and lease liability of the space surrendered represents approximately 30% of the asset and liability presented on the statements of financial position.