DENISON MINISTRIES

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

Denison Ministries
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SST
ACCOUNTANTS & CONSULTANTS

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, 2023 and 2022, 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, 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 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.

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.

SST Accountants & Consultants

SST Accountants & Consultants PLLC

September 10, 2024

Denison Ministries
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,046,857	$ 2,059,623
Accounts receivable	1,640	692
Contributions receivable, current	785,000	837,500
Investments	1,014,036	921,210
Prepaid expenses	90,463	108,757
Total Current Assets	3,937,996	3,927,782
Noncurrent Assets		
Property and equipment, net	257,415	334,823
Beneficial interest held by others	14,505	13,277
Security deposit	11,115	11,115
Operating lease right-of-use assets	460,386	765,955
Total Noncurrent Assets	743,421	1,125,170
TOTAL ASSETS	$ 4,681,417	$ 5,052,952
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 26,500	$ 95,929
Accrued expenses	2,053	938
Accrued payroll liabilities	138,638	170,332
Operating lease liabilities, current	61,530	120,918
Total Current Liabilities	228,721	388,117
Noncurrent Liabilities		
Annuity payment liability	43,419	43,888
Operating lease liabilities, net of current portion	402,532	662,263
Total Noncurrent Liabilities	445,951	706,151
TOTAL LIABILITIES	674,672	1,094,268
Net Assets		
Without Donor Restrictions		
Undesignated	2,754,764	2,466,670
Designated	550,069	523,731
	3,304,833	2,990,401
With Donor Restrictions	701,912	968,283
Total Net Assets	4,006,745	3,958,684
TOTAL LIABILITIES AND NET ASSETS	$ 4,681,417	$ 5,052,952

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

Denison Ministries
Statements of Activities
For the Years Ended December 31, 2023 and 2022

	2023	2022
Without Donor Restrictions		
Revenues and Support		
Contributions of cash and other financial assets	$ 5,705,430	$ 5,852,932
Sales and other income	150,111	136,582
Investment income (loss)	129,500	(107,682)
Contributions of nonfinancial assets and services	500	593
Gain on termination of operating lease	3,594	-
	5,989,135	5,882,425
Net assets released from restriction	1,073,371	304,467
Total Revenues and Support	7,062,506	6,186,892
Expenses		
Program services	4,139,633	4,029,813
Supporting services	2,608,441	2,926,985
Total Expenses	6,748,074	6,956,798
Change in Net Assets Without Donor Restrictions	314,432	(769,906)
With Donor Restrictions		
Contributions of cash and other financial assets	807,000	1,217,750
Net assets released from restriction	(1,073,371)	(304,467)
Change in Net Assets With Donor Restrictions	(266,371)	913,283
Change in Net Assets	$ 48,061	$ 143,377

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, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	Total
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
Increase (Decrease) in Net Assets	314,432	(266,371)	48,061
Net Assets, December 31, 2023	$ 3,304,833	$ 701,912	$ 4,006,745

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

Denison Ministries
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services					Supporting Services		
	Christian Parenting	Denison Forum	Denison Ministries	First15	Possum Kingdom	General & Administrative	Fundraising	Total
Salaries and benefits	$ 564,006	$ 928,341	$ 1,030,260	$ 118,806	$ 43,072	$ 1,189,422	$ 769,407	$ 4,643,314
Brand resources	97,681	12,637	13,299	32,026	10,500	-	-	166,143
Talent development	475	2,266	13,011	-	173	14,638	9,758	40,321
Donor relations and development	78,622	190,594	1,343	102,795	-	-	180,086	553,440
Professional fees	-	-	-	-	-	101,727	51,790	153,517
Advertising, promotion, and growth	73,035	93,570	224	102,069	-	-	16,544	285,442
Office rent	20,426	20,426	20,426	20,426	-	15,320	5,107	102,131
Information technology	46,906	9,092	212,831	67,463	220	9,916	6,610	353,038
Administration and office expenses	5,901	5,976	10,917	5,901	190	198,949	1,475	229,309
Pastoral care	-	-	-	-	8,056	-	-	8,056
Bank and merchant fees	6,211	48,606	6,650	19,837	-	-	-	81,304
Travel	6,296	4,324	11,847	-	9,972	13,326	8,885	54,650
Depreciation and amortization	15,482	15,482	15,482	15,482	-	11,611	3,870	77,409
	$ 915,041	$ 1,331,314	$ 1,336,290	$ 484,805	$ 72,183	$ 1,554,909	$ 1,053,532	$ 6,748,074

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
Office rent	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

Denison Ministries
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in Net Assets	$ 48,061	$ 143,377
Adjustments to reconcile change in net assets		
to net cash used by operating activities:		
Depreciation and amortization	77,409	42,769
Net operating lease right-of-use asset and lease liability	(13,550)	17,226
Unrealized (gain) loss on investments	(51,971)	168,427
Realized (gain) loss on investments	434	(1,014)
Reinvested dividends and interest	(26,265)	(26,732)
Donation of securities	(15,024)	(528,204)
Annuity payment liability	(469)	(15,144)
Beneficial interest held by others	(1,228)	(687)
Changes in operating assets and liabilities:		
Accounts receivable	(948)	300
Contributions receivable	52,500	(337,500)
Prepaid expenses	18,294	43,029
Accounts payable	(69,429)	17,105
Accrued expenses	1,114	(3,032)
Accrued payroll liabilities	(31,694)	(26,114)
Deferred rent	-	(30,187)
Net Cash Used by Operating Activities	(12,766)	(536,381)
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(249,520)
Proceeds from sale of investments	-	532,694
Net Cash Provided by Investing Activities	-	283,174
Net Change in Cash and Cash Equivalents	(12,766)	(253,207)
Cash and Cash Equivalents, Beginning of Year	2,059,623	2,312,830
Cash and Cash Equivalents, End of Year	$ 2,046,857	$ 2,059,623

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

Note 1: Summary of Significant Accounting Policies

Organization

Denison Ministries (Organization) is a Texas 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:

> <u>Net Assets With Donor Restrictions</u> – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
>
> <u>Net Assets Without Donor Restrictions</u> – 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 $175,881 and $429,652 as of December 31, 2023 and 2022, 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 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 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 and amortization are 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

Impairment of Long-Lived Assets

The Organization regularly evaluates its long-lived assets for indicators of possible impairment. Should impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. No impairment losses were recognized for the years ended December 31, 2023 and 2022.

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.

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 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 statements of financial position and are recognized as lease expense on a straight-line basis over the lease term.

Note 1: Summary of Significant Accounting Policies (Continued)

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 allocated expenses include salaries and benefits, occupancy, depreciation and amortization, and donor relations and development. All other natural expense categories using the key concept of direct conduct or direct supervision are 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 depreciation and amortization, the realization of receivables, 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.

Beneficial Interest in Assets Held by Others

The Organization is the specified beneficiary of gift annuities held by HighGround Advisors (HGA). 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 remeasured 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. 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 HGA and included in investments in the statements of financial position as of December 31, 2023 and 2022. 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, 2023 and 2022.

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).

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

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.

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 was no change in the methodology used at December 31, 2023 and 2022.

Equity securities: Valued at the closing price reported in an active market in which the security is traded.

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.

Beneficial interest: Subsequently remeasured at the present value of the remainders at the following year end, using the various discounted rates with the change in valuation, which is at Level 3.

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.

Note 1: Summary of Significant Accounting Policies (Continued)
Fair Value Measurements (Continued)
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.

Accounting Pronouncement Adopted in 2023
In 2016, FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which changes the impairment model used to measure credit losses for most financial assets. Under the new model the Organization is required to estimate expected credit losses over the life of its trade receivables, certain other receivables and certain other financial instruments. The new model replaced the existing incurred credit loss model and generally results in earlier recognition of allowances for credit losses. The Organization adopted this guidance on January 1, 2023, using the modified retrospective approach, and the adoption did not have any impact on the financial statements or disclosures. Prior period comparative information has not been restated and continues to be reported under the accounting standards in effect for such periods.

Date of Management's Review
Subsequent events have been evaluated for potential recognition or disclosure through September 10, 2024 which is the date the financial statements were available to be issued.

Note 2: Contributions Receivable
As of December 31, 2023 and 2022, contributions receivable consists of future payments due from foundations within twelve months. Outstanding balances at December 31, 2023 and 2022 were deemed collectible; therefore, no allowance for uncollectible promises was recorded. During 2022, the Organization received a grant that contained $115,000 of conditional promises to give. The conditional promises to give are not recorded in the financial statements as of December 31, 2023 and 2022, as the conditions were not met.

Note 3: Property and Equipment
Property and equipment at December 31, 2023 and 2022 consisted of the following:

	2023	2022
Furniture and fixtures	$ 46,318	$ 46,318
Equipment	22,893	34,257
Leasehold improvements	26,401	26,401
Software	343,648	343,648
Total Property and Equipment	439,260	450,624
Less accumulated depreciation and amortization	(181,845)	(115,801)
Net Property and Equipment	$ 257,415	$ 334,823

Note 4: Lease Commitments

The Organization has obligations under noncancelable lease agreements for the use of office space and certain office equipment expiring between 2025 and 2029.

The components of lease costs were as follows for the years ended December 31,

	2023	2022
Operating lease costs	$ 104,243	$ 122,219
Short-term lease costs	3,000	3,000
Non-lease components	-	-
Total lease costs	$ 107,243	$ 125,219

Lease costs are included in office rent and administrative and office expenses on the accompanying statements of functional expenses.

The Company's weighted average remaining lease term and discount rate relating to its operating leases were as follows for the years ended December 31,

	2023	2022
Weighted average remaining lease term (years)	5.66	6.65
Weighted average discount rate	1.63%	1.63%

Supplemental information related to the Company's leases for the years ended December 31,

	2023	2022
Cash paid for amounts included in measurement of lease liabilities	$ 113,578	$ 130,988

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

For the years ending December 31,	
2024	$ 61,530
2025	89,191
2026	90,320
2027	92,014
2028	93,707
2029 and thereafter	60,222
Total lease payments	486,984
Less interest	(22,922)
Present value of lease liabilities	$ 464,062

Note 5: Investments
As of December 31, 2023 and 2022, investments consisted of the following:

	2023	2022
Equity securities	$ 15,238	$ -
Balanced funds	998,798	921,210
Beneficial interest held by others	14,505	13,277
	$ 1,028,541	$ 934,487

Investment income (loss) for the years ended December 31, 2023 and 2022 consisted of the following:

	2023	2022
Dividends and interest, cash portion	$ 50,001	$ 17,168
Reinvested dividends and interest	26,265	26,732
Realized gains (losses)	(434)	1,014
Unrealized gains (losses) (Investments)	51,971	(168,427)
Unrealized gains (losses) (Beneficial interest)	1,228	687
Change in annuity liability	469	15,144
	$ 129,500	$ (107,682)

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, 2023 and 2022:

	December 31, 2023			
	Level 1	*Level 2*	*Level 3*	*Total*
Equity securities	$ 15,238	$ -	$ -	$ 15,238
Balanced funds	-	998,798	-	998,798
Beneficial interest	-	-	14,505	14,505
Total	$ 15,238	$ 998,798	$ 14,505	$ 1,028,541

	December 31, 2022			
	Level 1	*Level 2*	*Level 3*	*Total*
Balanced funds	$ -	$ 921,210	$ -	$ 921,210
Beneficial interest	-	-	13,277	13,277
Total	$ -	$ 921,210	$ 13,277	$ 934,487

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 are 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, 2023 and 2022, was as follows:

December 31, 2021	$ 618,237
Contributions	26,732
Investment losses	(94,506)
Expenses	(26,732)
December 31, 2022	523,731
Contributions	26,734
Investment losses	26,338
Expenses	(26,734)
December 31, 2023	$ 550,069

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. In March 2023, the Organization ended their existing discretionary contribution program. The Organization's contribution was $190,786 and $328,187 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, 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 $72,183 and $52,413 for the years ended December 31, 2023 and 2022, respectively.

Note 10: Net Assets With Donor Restrictions
As of December 31, 2023 and 2022, net assets with donor restrictions consisted of the following:

	2023	2022
Going Deeper	$ 668,100	$ 820,250
Worship project	20,653	20,721
New program staff	13,159	127,312
Total assets with donor restrictions	$ 701,912	$ 968,283

Net assets released from donor restrictions during 2023 and 2022 consisted of the following amounts:

	2023	2022
First15 app	$ 68	$ 205,000
Marketing	-	50,000
Worship	-	1,779
Going Deeper	902,150	-
New program staff	171,153	47,688
Total releases from donor restrictions	$ 1,073,371	$ 304,467

Note 11: Liquidity and Availability
The Organization is substantially supported by unrestricted contributions, but the Board from time to time designates some of these funds for specific purposes. Because a 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:

	2023	2022
Financial assets available at year end	$ 3,847,533	$ 3,819,025
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	(701,912)	(968,283)
Board designated	(550,069)	(523,731)
Financial assets available within one year to meet cash needs for general expenditures	$ 2,595,552	$ 2,327,011