

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Audited Financial Statements
Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Time of Grace Ministry
Milwaukee, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Time of Grace Ministry (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Time of Grace 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 State of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial statements section of our report. We are required to be independent of Time of Grace 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 Time of Grace Ministry's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

Reilly, Penner & Benton LLP

July 2, 2024
Milwaukee, Wisconsin

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Statements of Financial Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets:		
Current Assets:		
Cash and equivalents	\$ 1,162,400	\$ 1,022,352
Certificate of deposits	255,238	---
Accrued interest on certificate of deposits	2,276	---
Accounts receivable (net of allowance for credit loss of \$-0-)	2,710	3,481
Promises to give	5,000	---
Investments	243,152	169,652
Prepaid expenses	99,909	78,906
Inventory	86,389	82,046
Total current assets	<u>1,857,074</u>	<u>1,356,437</u>
Property and Equipment:		
Furniture & equipment	839,487	824,445
Leasehold improvements	27,061	27,061
Computer software and website	37,317	37,317
Accumulated depreciation and amortization	<u>(759,569)</u>	<u>(724,721)</u>
Net property and equipment	144,296	164,102
Other Assets:		
Operating lease right of use asset	793,208	841,096
Restricted cash and equivalents	<u>9,326</u>	<u>9,360</u>
Total assets	<u>\$ 2,803,904</u>	<u>\$ 2,370,995</u>
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 180,447	\$ 124,710
Payroll related liabilities	67,228	57,997
Operating lease liability, current portion	<u>40,128</u>	<u>36,207</u>
Total current liabilities	287,803	218,914
Noncurrent Liabilities:		
Operating lease liability, net of current portion	<u>791,404</u>	<u>831,532</u>
Total liabilities	1,079,207	1,050,446
Net Assets:		
Without donor restrictions	1,560,206	1,320,549
With donor restrictions	<u>164,491</u>	<u>---</u>
Total net assets	<u>1,724,697</u>	<u>1,320,549</u>
Total liabilities and net assets	<u>\$ 2,803,904</u>	<u>\$ 2,370,995</u>

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

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Statements of Activities

For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Contributions	\$ 4,734,745	\$ 164,491	\$ 4,899,236	\$ 4,238,681	\$ ---	\$ 4,238,681
Other income	6,782	---	6,782	21,707	---	21,707
Contributed nonfinancial assets	27,347	---	27,347	---	---	---
Interest income - cash	7,675	---	7,675	277	---	277
Publication sales:						
Publication sales	151,231	---	151,231	97,202	---	97,202
Less cost of goods sold	(66,037)	---	(66,037)	(39,221)	---	(39,221)
Net publication sales	85,194	---	85,194	57,981	---	57,981
Investment return:						
Realized gain (loss) on investments	122	---	122	(5,780)	---	(5,780)
Unrealized gain (loss) on investments	22,372	---	22,372	(21,124)	---	(21,124)
Interest income	7,133	---	7,133	8,494	---	8,494
Investment expense	(1,466)	---	(1,466)	(1,449)	---	(1,449)
Net investment return	28,161	---	28,161	(19,859)	---	(19,859)
Net revenues	4,889,904	164,491	5,054,395	4,298,787	---	4,298,787
Expenses:						
Program services	3,276,657	---	3,276,657	3,738,701	---	3,738,701
Administration	708,725	---	708,725	578,940	---	578,940
Fundraising	664,865	---	664,865	463,943	---	463,943
Total expenses	4,650,247	---	4,650,247	4,781,584	---	4,781,584
Change in net assets	239,657	164,491	404,148	(482,797)	---	(482,797)
Net assets, beginning of year	1,320,549	---	1,320,549	1,803,346	---	1,803,346
Net assets, end of the year	\$ 1,560,206	\$ 164,491	\$ 1,724,697	\$ 1,320,549	\$ ---	\$ 1,320,549

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

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Statement of Functional Expenses

For the Year Ended December 31, 2023

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Cost of Goods Sold</u>	<u>2023 Total</u>
Salaries and wages	\$ 724,753	\$ 286,134	\$ 324,279	\$ ---	\$ 1,335,166
Employee benefits	77,254	74,067	51,025	---	202,346
Retirement plan contributions	31,278	12,525	12,842	---	56,645
Payroll taxes	53,549	21,290	23,196	---	98,035
Media production	465,517	---	---	---	465,517
National distribution	561,389	---	---	---	561,389
Advertising and promotion	483,298	121	15,281	---	498,700
Website	40,282	---	---	---	40,282
Accounting and audit fees	---	14,830	1,242	---	16,072
Contracted services	249,262	33,040	135,598	---	417,900
Dues and subscriptions	1,670	6,675	32	---	8,377
Occupancy	---	106,076	---	---	106,076
Insurance	14,828	10,010	---	---	24,838
Office supplies	75,336	18,941	1,993	---	96,270
Postage and shipping	316,100	3,188	9,525	---	328,813
Printing	4,448	406	8,040	---	12,894
Telephone	251	19,174	---	---	19,425
Conferences and meetings	11,636	24,215	5,755	---	41,606
Travel	40,801	5,812	67,119	---	113,732
Depreciation and amortization	29,436	5,412	---	---	34,848
Repairs and maintenance	1,524	511	---	---	2,035
Donor appreciation	1,204	---	6,759	---	7,963
Donation	92,050	---	---	---	92,050
Cost of goods sold - publications	---	---	---	66,037	66,037
Miscellaneous	791	66,298	2,179	---	69,268
Total expenses by function	3,276,657	708,725	664,865	66,037	4,716,284
Less cost of goods sold included with revenues on the statement of activities	---	---	---	(66,037)	(66,037)
Total expenses included in the expense section on the statement of activities	\$ 3,276,657	\$ 708,725	\$ 664,865	\$ ---	\$ 4,650,247

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

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Statement of Functional Expenses

For the Year Ended December 31, 2022

	Program			Cost of	2022
	Services	Administration	Fundraising	Goods Sold	Total
Salaries and wages	\$ 724,839	\$ 265,320	\$ 240,090	\$ ---	\$ 1,230,249
Employee benefits	52,906	42,812	36,169	---	131,887
Retirement plan contributions	20,753	3,749	9,740	---	34,242
Payroll taxes	54,282	19,825	17,407	---	91,514
Media production	605,102	13	10,499	---	615,614
National distribution	1,029,344	---	---	---	1,029,344
Advertising and promotion	500,989	100	---	---	501,089
Website	31,740	---	---	---	31,740
Accounting and audit fees	12,800	---	---	---	12,800
Contracted services	158,322	22,113	93,206	---	273,641
Dues and subscriptions	1,815	2,322	48	---	4,185
Occupancy	---	94,965	---	---	94,965
Insurance	14,468	11,321	---	---	25,789
Office supplies	55,691	12,997	1,037	---	69,725
Postage and shipping	286,312	599	---	---	286,911
Printing	2,243	41	---	---	2,284
Telephone	3,027	15,868	40	---	18,935
Conferences and meetings	12,364	10,566	27	---	22,957
Travel	21,818	5,113	50,272	---	77,203
Utilities	1,805	442	1,437	---	3,684
Depreciation and amortization	38,792	4,451	---	---	43,243
Repairs and maintenance	6,813	2,794	---	---	9,607
Donor appreciation	899	---	2,043	---	2,942
Donations	89,864	594	1,928	---	92,386
Interest	---	1,033	---	---	1,033
Loss on disposal	11,437	---	---	---	11,437
Cost of goods sold - publications	---	---	---	39,221	39,221
Miscellaneous	276	61,902	---	---	62,178
Total expenses by function	3,738,701	578,940	463,943	39,221	4,820,805
Less cost of goods sold included with revenues on the statement of activities	---	---	---	(39,221)	(39,221)
Total expenses included in the expense section on the statement of activities	\$ 3,738,701	\$ 578,940	\$ 463,943	\$ ---	\$ 4,781,584

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

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 404,148	\$ (482,797)
Adjustments to Reconcile Change in Net Assets to Net Cash and Equivalents Provided (Used) by Operations:		
Depreciation and amortization	34,848	43,243
Realized (gain) loss on investments	(122)	5,780
Unrealized (gain) loss on investments	(22,372)	21,124
Loss on disposal of property and equipment	---	11,437
Changes in Assets and Liabilities:		
Accounts receivable	771	(3,076)
Accrued interest on certificate of deposits	(2,276)	---
Promises to give	(5,000)	---
Prepaid expenses	(21,003)	(30,819)
Inventory	(4,343)	(40,713)
Operating lease assets and liabilities	11,681	26,643
Accounts payable	55,737	(56,415)
Payroll related liabilities	9,231	7,470
Total adjustments	<u>57,152</u>	<u>(15,326)</u>
Net cash and equivalents provided (used) by operating activities	<u>461,300</u>	<u>(498,123)</u>
Cash Flows from Investing Activities:		
Purchase of fixed assets	(15,042)	(139,581)
Purchase of certificate of deposits	(255,238)	---
Proceeds from sale of investments	5,000	39,815
Purchase of investments	<u>(56,006)</u>	<u>(69,368)</u>
Net cash and equivalents used by investing activities	<u>(321,286)</u>	<u>(169,134)</u>
Cash Flows from Financing Activities:		
Borrowings on line of credit	---	150,000
Payments on line of credit	<u>---</u>	<u>(150,000)</u>
Net cash and equivalents used by financing activities	<u>---</u>	<u>---</u>
Net increase (decrease) in cash and equivalents	140,014	(667,257)
Cash and equivalents, beginning of year	<u>1,031,712</u>	<u>1,698,969</u>
Cash and equivalents, end of year	<u>\$ 1,171,726</u>	<u>\$ 1,031,712</u>
Supplemental disclosures:		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	<u>\$ 49,312</u>	<u>\$ 29,494</u>
ROU assets obtained in exchange for new operating lease liabilities	<u>\$ ---</u>	<u>\$ 884,771</u>
Interest paid	<u>\$ ---</u>	<u>\$ 1,033</u>
Cash and equivalents:		
Current	\$ 1,162,400	\$ 1,022,352
Restricted	9,326	9,360
Total cash and equivalents	<u>\$ 1,171,726</u>	<u>\$ 1,031,712</u>

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

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Notes to the Financial Statements

December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies

Nature of the Organization

Time of Grace Ministry ("Organization") is a nonprofit corporation and worldwide media ministry. The Organization serves people who want more growth and less struggle in their spiritual walk. They share the truth of God's Word simply and clearly through television, print, and digital media that people view millions of times each month. They connect people to God's grace so they know they are loved and forgiven and can start experiencing a joy-filled life no matter what challenges life brings.

Basis of Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net Assets

U.S. GAAP requires the Organization 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 or certain grantor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. The governing board has designated, from net assets without donor restrictions, net assets for use in the Organization's opportunity and outreach areas.

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

As of December 31, 2023 and 2022, there are no donor or grantor restrictions that are perpetual in nature.

Cash and Equivalents

For purposes of the statements of cash flows, cash and equivalents include all cash on hand, checking and savings accounts and highly liquid debt instruments with original maturities of three months or less.

The Organization has restricted cash and equivalents of \$9,326 and \$9,360 as of December 31, 2023 and 2022, respectively, as required by the Wisconsin Unemployment reserve fund.

Certificate of Deposits

Certificate of deposits totaling \$255,238 and \$0 at December 31, 2023 and 2022, respectively, are presented in the accompanying financial statements. The certificates bear interest ranging from 5.25% to 5.3% at December 31, 2023 and have maturities ranging from six to nine months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. Interest earned on the certificate of deposits totaled \$7,513 and \$- for the years ended December 31, 2023 and 2022, respectively.

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Notes to the Financial Statements

December 31, 2023 and 2022

(Continued)

1. Nature of the Organization and Summary of Significant Accounting Policies (Continued)

Promises to Give

Promises to give include grant revenue or donor gifts that are unconditional promises expected to be received in future periods. Promises to give are reported at unpaid balances, less an allowance for uncollectible amounts. Management determines the need for an allowance for uncollectible amounts based on their knowledge and experience with the individual donors. Management believes all amounts to be collectible as of December 31, 2023, and no allowance for uncollectible amounts is considered necessary. Promises to give balances are included in net assets with donor restrictions unless the donor has directed that the funds are for a period or purpose of which the restriction is already met. The Organization had \$5,000 and \$- in promises to give as of December 31, 2023 and 2022, respectively. All promises to give as of December 31, 2023 have been received in 2024 as of the report date.

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Other than publication sales, the Organization did not generate any revenue from exchange transactions for the years ended December 31, 2023 and 2022.

Revenue from non-exchange transactions consist of the following:

- **Contributions and promises to give** – Gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions having donor stipulations that are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using risk-free interest rates applicable to the years in which the contributions are promised and is reported as contribution revenue. Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

Inventory and Publication Sales

Inventory comprises program-related publications held for sale or to be given as gifts to donors. Inventory is stated at the lower of cost or market determined by the first-in first-out method. Management has determined that no allowance for inventory obsolescence is necessary at December 31, 2023 and 2022. Publication sales are recorded net of sales discounts. Sales discounts amounted to \$25,126 and \$10,086 for the years ended December 31, 2023 and 2022, respectively.

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Notes to the Financial Statements
December 31, 2023 and 2022
(Continued)

1. Nature of the Organization and Summary of Significant Accounting Policies (Continued)

Investment Valuation and Income Recognition

U.S. GAAP 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under U.S. GAAP 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 Organization has the ability to access

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from 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.

As of December 31, 2023 and 2022, the Organization did not own any investments that fall under the level 2 or 3 measurement category.

Purchases and sales of investments are recorded on a trade-date basis. Interest and dividend income is recorded on the accrual basis.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2023.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Corporate bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method 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.

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Notes to the Financial Statements
December 31, 2023 and 2022
(Continued)

1. Nature of the Organization and Summary of Significant Accounting Policies (Continued)

Contributed Nonfinancial Assets

Contributions of non-cash goods and services are stated at their fair value in the period received. Donated goods and services meeting recognition criteria under U.S. GAAP are recorded as support and an expense or additions to property and equipment, prepaid expense, or supplies inventory. The Organization does not monetize any contributed nonfinancial assets unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation or amortization is provided over the estimated useful life of depreciable assets and is computed using the straight-line method. Estimated useful lives of property and equipment are as follows:

	<u>Useful Lives</u>
Leasehold improvements	3 to 10 years
Furniture and equipment	3 to 10 years
Computer software and website	3 to 5 years

Depreciation and amortization expense amounted to \$34,848 and \$43,243 for the years ended December 31, 2023 and 2022, respectively.

Leases

The Organization leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current operating lease liabilities, and long-term operating lease liabilities on the Organization's balance sheets. Finance leases are included as finance lease right-of-use (ROU) assets, current finance lease liabilities, and long-term finance lease liabilities on the Organization's statement of financial position. The Organization does not have any finance leases.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a short-term basis.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the discount rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the discount rate option to its leases.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Notes to the Financial Statements
December 31, 2023 and 2022
(Continued)

1. Nature of the Organization and Summary of Significant Accounting Policies (Continued)

Advertising and Promotion

The Organization expenses nondirect-response advertising costs as they are incurred. Advertising and promotion expense was \$498,700 and \$501,089 for the years ended December 31, 2023 and 2022, respectively.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expense Allocation

Directly identifiable expenses are charged to program, administration and fundraising. Expenses related to more than one function are charged to program, administration and fundraising based on which department the expense is incurred and on the nature of the expense. The expenses were allocated by management.

Tax Status

The Organization is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code ("the Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt from state taxes.

The Organization recognizes the benefit of a tax position only after determining whether it is more likely than not that the taxing authority would sustain the tax position upon examination of the technical merits of the tax position, assuming the taxing authority has full knowledge of all information. The Organization has recorded no assets or liabilities related to uncertain tax positions.

Changes in Accounting Principles

Allowance for Credit Losses:

In June 2016, the FASB issued guidance FASB ASC 326, *Financial Instruments – Credit Losses* (FASB ASC 326), which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model, that is referred to as the current expected credit loss ("CECL") methodology. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Organization has implemented the standard using the modified retrospective approach and has elected the practical expedient to not adjust the comparative periods presented in the financial statements. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 as of December 31, 2023 were accounts receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

TIME OF GRACE MINISTRY
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Notes to the Financial Statements
December 31, 2023 and 2022
(Continued)

1. Nature of the Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

Management has evaluated all subsequent events through the date the financial statements were available for distribution (July 2, 2024) for possible inclusion as a disclosure in the financial statements. There were no subsequent events that required recognition or disclosure.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

2. Liquidity and Availability

Financial assets available for general expenditure and other current contractual obligations, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 1,162,400	\$ 1,022,352
Certificate of deposits	255,238	---
Investments	243,152	169,652
Accounts receivable (net of allowance for credit losses of \$-0-)	2,710	3,481
Promises to give	5,000	---
Total financial assets	1,668,500	1,856,994
Less amounts not available to be used within one year for general expenditures:		
Net assets with board designations	437,795	439,702
Net assets with donor restrictions	164,491	---
Financial assets available to meet cash needs for general expenditures and current contractual obligations within one year	\$ 1,066,214	\$ 1,417,292

In addition to financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

3. Accounts Receivable and Allowance for Credit Losses

The Organization records account receivables based on contract value less management's estimate for credit losses based on the following:

1. **Measurement of Expected Credit Losses:** The Organization estimates expected credit losses on accounts receivable based on historical credit loss experience, current economic conditions, and reasonable and supportable forecasts that affect the collectability of the accounts receivable.
2. **Credit Risk Profile:** The credit risk profile of receivables is categorized based on credit quality indicators. The Organization uses this information to determine appropriate allowances for expected credit losses.
3. **Significant Judgments and Estimates:** The determination of expected credit losses involves significant judgments and estimates. Changes in economic conditions or customer payment behavior may impact the allowance for credit losses.

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(Continued)

3. Accounts Receivable and Allowance for Credit Losses (Continued)

The Organization believes that the allowance for credit losses is appropriate based on the information available as of December 31, 2023 and 2022. Receivables are reviewed periodically by management to determine the adequacy of the allowance for credit losses. Credit loss expense amounted to \$- for the years ended December 31, 2023 and 2022, respectively.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The Organization had no write-offs for the years ended December 31, 2023 or 2022.

Accounts receivable net of allowance for credit losses as of December 31, 2021 amounted to \$405.

4. Related Party Transactions

The Organization occupies production facilities that are owned by a church whose pastor is also a Speaker of the Organization. In lieu of rent, the Organization made voluntary contributions to the church. Contributions in lieu of rent for the years ended December 31, 2023 and 2022 totaled \$92,013 and \$87,442.

The Organization initiated a direct mail campaign transaction with a third-party during the year ended December 31, 2023. There is a shared Board of Directors member between the Organization and this third-party. This shared Board of Director's member also contributed toward the final cost of that campaign in the amount of \$15,000.

The Organization also received a total contributed non-financial asset from a Board of Directors member in the amount of \$13,091 relating to a retirement party held for other retiring Board of Director members during the year ended December 31, 2023.

5. Investments

Investments as of December 31, 2023 consisted of the following:

	<u>Fair Value</u>
Investments:	
Mutual funds:	
Large-cap equities	\$ 158,175
Small/mid-cap equities	44,370
International equity	24,169
Total mutual funds	<u>226,714</u>
Corporate bonds	16,438
Total investments	<u>\$ 243,152</u>

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Notes to the Financial Statements
December 31, 2023 and 2022
(Continued)

5. Investments (Continued)

Investments as of December 31, 2022 consisted of the following:

	<u>Fair Value</u>
Investments:	
Mutual funds:	
Large-cap equities	\$ 101,622
Small/mid-cap equities	38,118
International equity	20,814
Total mutual funds	160,554
Corporate bonds	9,098
Total investments	\$ 169,652

All investments as of December 31, 2023 and 2022 fall under the level 1 measurement category classification of investments at fair value by classification and method of valuation in accordance with U.S. GAAP.

6. Line of Credit

The Organization has entered into a line of credit agreement with a local financial institution. The available line of credit is \$600,000 with interest at the greater of the prime rate or 8.50% (effective rate of 8.50% at December 31, 2023). The line of credit is secured by a general business security agreement. There was no balance owed on the line of credit at December 31, 2023 and 2022. Interest expense for the years ended December 31, 2023 and 2022 amounted to \$- and \$1,033, respectively.

7. Leases

The Organization leases a copier and office space used for administration. These agreements terminate on July 7, 2025 and May 31, 2029, respectively. The office space lease has 2 consecutive 5-year renewal options, which if exercised, would begin immediately after the initial lease termination date. As of the report date, the Organization intends on exercising both renewal options.

The components of occupancy expense were as follows for the years ending December 31:

	<u>2023</u>		<u>2022</u>
Operating lease cost	\$ 60,993	\$	56,136
Building maintenance	34,782		30,053
Real estate tax contribution	10,301		8,776
Total	\$ 106,076	\$	94,965

The following summarizes the weighted average remaining lease term and discount rates as of December 31:

	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term	15.35 years	16.31 years
Weighted Average Discount Rate	1.55%	1.55%

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Notes to the Financial Statements
December 31, 2023 and 2022
(Continued)

7. Leases (Continued)

The maturities of operating lease liabilities as of December 31, 2023 are as follows:

<u>Years Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 52,655
2025	52,765
2026	52,721
2027	54,118
2028	55,543
Thereafter	673,361
Total future minimum lease payments	<u>941,163</u>
Less imputed interest	<u>(109,631)</u>
Total	\$ <u>831,532</u>

8. Net Assets Without Donor Restrictions

Net assets without donor restrictions at December 31, consist of:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 1,122,411	\$ 880,847
Board-designated investment and rainy day funds	<u>437,795</u>	<u>439,702</u>
Total net assets without donor restrictions	\$ <u>1,560,206</u>	\$ <u>1,320,549</u>

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2023</u>	<u>2022</u>
Purpose restricted:		
Spanish ministry	\$ 159,491	\$ ---
Time restricted:		
Promise to give	<u>5,000</u>	<u>---</u>
Total net assets with donor restrictions	\$ <u>164,491</u>	\$ <u>---</u>

10. Contributed Nonfinancial Assets

Contributed nonfinancial assets of non-cash supplies and services are recorded as revenue and expenses at their fair value. Contributed services are reported in the financial statements for voluntary donations of professional services when those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as contributed nonfinancial assets are offset by like amounts included in expenses or as additions to property and equipment, prepaid expenses, or supplies inventory. The statements of activities includes the following contributed nonfinancial assets recognized by category for the years ended December 31:

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(Continued)

10. Contributed Nonfinancial Assets (Continued)

<u>Type</u>	<u>Amounts Recognized</u>		<u>Utilization in Program/Activities</u>	<u>Classification on Statements of Activities</u>
	<u>2023</u>	<u>2022</u>		
Revenue and net expenses:				
Advertising and postage	\$ 9,354	\$ ---	Program	Contributed nonfinancial assets
Contracted services	3,660	---	Program	Contributed nonfinancial assets
Accounting services	1,242	---	Fundraising	Contributed nonfinancial assets
Conferences and meetings	8,138	---	Administrative	Contributed nonfinancial assets
Office supplies	3,833	---	Administrative	Contributed nonfinancial assets
Travel	1,120	---	Administrative	Contributed nonfinancial assets
Total	\$ 27,347	\$ ---		

The Organization's various contributed nonfinancial assets were valued at the estimated fair value based on retail rates for similar goods or services. There were no donor restrictions on any of the contributed nonfinancial assets received for the years ended December 31, 2023 and 2022.

The Organization also received contributed services for its various programs from volunteers which do not meet the recognition criteria described above. No amounts have been reflected in the financial statements for these contributed services.

11. Other Commitments

During the year, the Organization entered into several agreements with various vendors. The following summarizes the commitment amounts remaining as of December 31, 2023 and as of, **July 2, 2024**, the report date.

	<u>Total Commitment</u>	<u>Remaining as of December 31, 2023</u>	<u>Remaining as of July 2, 2024</u>
Planned giving consultant	\$ 27,000	\$ 27,000	\$ 18,000
Print agreement	19,675	11,412	---
Literary agent	13,000	6,500	---
Major donor development consulting	27,000	18,000	---
2024 Women's event	20,000	12,200	---
Spanish book translation	6,000	3,000	---
Publishing a book in Spanish	10,850	10,850	---
Team leadership consulting	3,950	3,950	---

The Organization's remaining commitment for the planned giving consultant will be paid over the next two years in \$9,000 increments as stated in the agreement that ends on December 31, 2026.

12. Retirement Plan

The Organization has a 401(k) retirement plan that covers substantially all of its full-time and most part-time employees. The Organization may make discretionary contributions to the plan. Retirement plan contributions were \$56,645 and \$34,242 for the years ended December 31, 2023 and 2022, respectively.

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(Continued)

13. Concentration of Credit Risk

The Organization maintains depository relationships with area financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation ("FDIC") up to specified limits. Balances in excess of FDIC limits are uninsured. The Organization has never experienced any losses related to these balances.

14. Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks of loss such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the statements of financial position.