

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Audited Financial Statements
Years Ended December 31, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

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

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, 2024 and 2023, 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, 2024 and 2023, 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

April 21, 2025
Milwaukee, Wisconsin

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets:		
Current Assets:		
Cash and equivalents	\$ 1,309,242	\$ 1,162,400
Certificate of deposits	270,244	255,238
Accrued interest on certificate of deposits	759	2,276
Receivables:		
Accounts receivable	4,205	2,710
Less allowance for credit loss	---	---
Accounts receivable - net	4,205	2,710
Promises to give	25,000	5,000
Investments	306,133	243,152
Prepaid expenses	177,978	99,909
Inventory	94,444	86,389
Total current assets	2,188,005	1,857,074
Property and Equipment:		
Furniture & equipment	839,487	839,487
Leasehold improvements	27,061	27,061
Computer software and website	37,317	37,317
Accumulated depreciation and amortization	(789,903)	(759,569)
Net property and equipment	113,962	144,296
Other Assets:		
Operating lease right of use asset	744,741	793,208
Restricted cash and equivalents	9,864	9,326
Total assets	\$ 3,056,572	\$ 2,803,904
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 134,060	\$ 180,447
Deferred revenue	45,392	---
Payroll related liabilities	74,284	67,228
Operating lease liability, current portion	40,860	40,128
Total current liabilities	294,596	287,803
Noncurrent Liabilities:		
Operating lease liability, net of current portion	750,544	791,404
Total liabilities	1,045,140	1,079,207
Net Assets:		
Without donor restrictions	1,804,401	1,560,206
With donor restrictions	207,031	164,491
Total net assets	2,011,432	1,724,697
Total liabilities and net assets	\$ 3,056,572	\$ 2,803,904

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, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Exchange transactions:						
Program service	\$ 83,978	\$ ---	\$ 83,978	\$ ---	\$ ---	\$ ---
Nonexchange transactions:						
Contributions	5,117,524	207,031	5,324,555	4,734,745	164,491	4,899,236
Contributed nonfinancial assets	---	---	---	27,347	---	27,347
Total nonexchange transactions:	5,117,524	207,031	5,324,555	4,762,092	164,491	4,926,583
Other revenues						
Interest income - cash and certificate of deposit	10,962	---	10,962	7,675	---	7,675
Other income	11,909	---	11,909	6,782	---	6,782
Total other revenues:	22,871	---	22,871	14,457	---	14,457
Publication sales:						
Publication sales, net	171,815	---	171,815	151,231	---	151,231
Less cost of goods sold	(70,979)	---	(70,979)	(66,037)	---	(66,037)
Less premiums donated	(4,644)	---	(4,644)	---	---	---
Less inventory disposal	(2,021)	---	(2,021)	---	---	---
Net publication sales	94,171	---	94,171	85,194	---	85,194
Investment return:						
Realized gain on investments	18,310	---	18,310	122	---	122
Unrealized gain on investments	6,138	---	6,138	22,372	---	22,372
Interest and dividend income	4,649	---	4,649	7,133	---	7,133
Investment expense	(1,654)	---	(1,654)	(1,466)	---	(1,466)
Net investment return	27,443	---	27,443	28,161	---	28,161
Net assets released from restrictions	164,491	(164,491)	---	---	---	---
Net revenues	5,510,478	42,540	5,553,018	4,889,904	164,491	5,054,395
Expenses:						
Program services	3,836,519	---	3,836,519	3,276,657	---	3,276,657
Administration	722,485	---	722,485	708,725	---	708,725
Fundraising	707,279	---	707,279	664,865	---	664,865
Total expenses	5,266,283	---	5,266,283	4,650,247	---	4,650,247
Change in net assets	244,195	42,540	286,735	239,657	164,491	404,148
Net assets, beginning of year	1,560,206	164,491	1,724,697	1,320,549	---	1,320,549
Net assets, end of the year	\$ 1,804,401	\$ 207,031	\$ 2,011,432	\$ 1,560,206	\$ 164,491	\$ 1,724,697

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, 2024

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Cost of Goods Sold</u>	<u>2024 Total</u>
Salaries and wages	\$ 748,822	\$ 284,132	\$ 369,441	\$ ---	\$ 1,402,395
Employee benefits	82,371	62,344	46,982	---	191,697
Retirement plan contributions	29,626	14,785	17,014	---	61,425
Payroll taxes	56,650	20,899	24,894	---	102,443
Media production	252,272	---	---	---	252,272
National distribution	640,311	---	---	---	640,311
Advertising and promotion	869,724	---	3,651	---	873,375
Website	50,403	---	---	---	50,403
Accounting and audit fees	---	15,050	---	---	15,050
Contracted services	440,709	31,768	89,796	---	562,273
Dues and subscriptions	1,187	923	---	---	2,110
Occupancy	---	98,399	---	---	98,399
Insurance	15,369	11,721	---	---	27,090
Office supplies	93,236	23,074	1,093	---	117,403
Postage and shipping	384,730	412	485	---	385,627
Printing	4,961	39	110	---	5,110
Telephone	---	19,497	---	---	19,497
Conferences and meetings	8,860	14,915	3,820	---	27,595
Travel	27,594	11,694	73,470	---	112,758
Depreciation and amortization	24,922	5,412	---	---	30,334
Repairs and maintenance	1,598	4,650	---	---	6,248
Donor appreciation	9,050	---	76,523	---	85,573
Donation	92,127	---	---	---	92,127
Interest	---	428	---	---	428
Cost of goods sold - publications	---	---	---	77,644	77,644
Miscellaneous	1,997	102,343	---	---	104,340
Total expenses by function	3,836,519	722,485	707,279	77,644	5,343,927
Less cost of goods sold included with revenues on the statement of activities	---	---	---	(77,644)	(77,644)
Total expenses included in the expense section on the statement of activities	\$ 3,836,519	\$ 722,485	\$ 707,279	\$ ---	\$ 5,266,283

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

	Program			Cost of	2023
	<u>Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Goods Sold</u>	<u>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	223,087	---	---	---	223,087
National distribution	561,389	---	---	---	561,389
Advertising and promotion	725,728	121	15,281	---	741,130
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
Donations	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

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 286,735	\$ 404,148
Adjustments to Reconcile Change in Net Assets to Net Cash and Equivalents Provided by Operations:		
Depreciation and amortization	30,334	34,848
Realized gain on investments	(18,310)	(122)
Unrealized gain on investments	(6,138)	(22,372)
Changes in Assets and Liabilities:		
Accounts receivable	(1,495)	771
Accrued interest on certificate of deposits	1,517	(2,276)
Promises to give	(20,000)	(5,000)
Prepaid expenses	(78,069)	(21,003)
Inventory	(8,055)	(4,343)
Operating lease assets and liabilities	8,339	11,681
Accounts payable	(46,387)	55,737
Deferred revenue	45,392	---
Payroll related liabilities	7,056	9,231
Total adjustments	<u>(85,816)</u>	<u>57,152</u>
Net cash and equivalents provided by operating activities	200,919	461,300
 Cash Flows from Investing Activities:		
Purchase of property and equipment	---	(15,042)
Purchase of certificate of deposits	(15,006)	(255,238)
Proceeds from sale of investments	56,829	5,000
Purchase of investments	<u>(95,362)</u>	<u>(56,006)</u>
Net cash and equivalents used by investing activities	(53,539)	(321,286)
 Net increase in cash and equivalents	147,380	140,014
 Cash and equivalents, beginning of year	<u>1,171,726</u>	<u>1,031,712</u>
 Cash and equivalents, end of year	<u>\$ 1,319,106</u>	<u>\$ 1,171,726</u>
 Supplemental disclosures:		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	<u>\$ 52,655</u>	<u>\$ 49,312</u>
Interest paid	<u>\$ 428</u>	<u>\$ ---</u>
 Cash and equivalents:		
Current	\$ 1,309,242	\$ 1,162,400
Restricted	9,864	9,326
Total cash and equivalents	<u>\$ 1,319,106</u>	<u>\$ 1,171,726</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, 2024 and 2023

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 mission of the Organization is to point people to what matters most: Jesus. Using a variety of media (television, radio, podcasts, print publications, and digital), The Organization teaches tough topics in an approachable and relatable way, accessible in multiple languages, making the Bible clear and understandable for those who need encouragement in their walks of faith and for those who do not yet know Jesus at all.

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, 2024 and 2023, 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 \$9,864 and \$9,326 as of December 31, 2024 and 2023, respectively, as required by the Wisconsin Unemployment reserve fund.

Certificate of Deposits

Certificate of deposits totaling \$270,244 and \$255,238 at December 31, 2024 and 2023, respectively, are presented in the accompanying financial statements. The certificates bear interest ranging from 4.10% to 4.25% at December 31, 2024 and 2023, respectively. The certificates 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 \$10,906 and \$7,513 for the years ended December 31, 2024 and 2023, respectively.

TIME OF GRACE MINISTRY

Milwaukee, Wisconsin

Notes to the Financial Statements

December 31, 2024 and 2023

(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, 2024 and 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 \$25,000 and \$5,000 in promises to give as of December 31, 2024 and 2023, respectively. All promises to give as of December 31, 2024 are expected to be received in 2025.

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. Revenue from performance obligations satisfied at a point in time consists of the following:

Program service income – recognized as performance obligations (seminars and educational services) are met

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, 2024 and 2023. Publication sales are recorded net of sales discounts. Sales discounts amounted to \$37,267 and \$25,126 for the years ended December 31, 2024 and 2023, respectively.

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Notes to the Financial Statements
December 31, 2024 and 2023
(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, 2024 and 2023, 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, 2024.

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, 2024 and 2023
(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 \$30,334 and \$34,848 for the years ended December 31, 2024 and 2023, 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 statements of financial position. 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, 2024 and 2023
(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 \$873,375 and \$498,700 for the years ended December 31, 2024 and 2023, 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.

Subsequent Events

Management has evaluated all subsequent events through the date the financial statements were available for distribution (April 21, 2025) for possible inclusion as a disclosure in the financial statements. There were no subsequent events that required recognition or disclosure other than the commitments entered into subsequent to year end detailed in footnote 10.

TIME OF GRACE MINISTRY
Milwaukee, Wisconsin

Notes to the Financial Statements
December 31, 2024 and 2023
(Continued)

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>2024</u>	<u>2023</u>
Cash and equivalents	\$ 1,309,242	\$ 1,162,400
Certificate of deposits	270,244	255,238
Investments	306,133	243,152
Accounts receivable (net of allowance for credit losses of \$-0-)	4,205	2,710
Promises to give	25,000	5,000
Total financial assets	1,914,824	1,668,500
Less amounts not available to be used within one year for general expenditures:		
Net assets with board designations	469,238	457,370
Net assets with donor restrictions	207,031	164,491
Financial assets available to meet cash needs for general expenditures and current contractual obligations within one year	\$ 1,238,555	\$ 1,046,639

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.
4. **Allowance for Credit Losses Changes:** The following table summarizes changes in the allowance for credit losses related to accounts receivables as of December 31:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ ---	\$ ---
Provision for (reversal of) credit losses	---	---
Write-offs	---	---
Balance at end of year	\$ ---	\$ ---

The Organization believes that the allowance for credit losses is appropriate based on the information available as of December 31, 2024 and 2023. 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, 2024 and 2023, respectively.

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

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, 2024 and 2023.

Accounts receivable net of allowance for credit losses as of December 31, 2022 amounted to \$3,481.

4. Investments

Investments as of December 31, 2024 consisted of the following:

	<u>Fair Value</u>
Investments:	
Mutual funds:	
Large-cap equities	\$ 124,096
Small/mid-cap equities	86,546
International equity	48,415
Total mutual funds	259,057
Corporate bonds	47,076
Total investments	\$ 306,133

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	226,714
Corporate bonds	16,438
Total investments	\$ 243,152

All investments as of December 31, 2024 and 2023 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.

5. 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 7.50% and 8.50% at December 31, 2024 and 2023, respectively). 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, 2024 and 2023. Interest expense for the years ended December 31, 2024 and 2023 amounted to \$-0-.

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6. 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>2024</u>	<u>2023</u>
Operating lease cost	\$ 60,993	\$ 60,993
Building maintenance	27,873	34,782
Real estate tax contribution	9,533	10,301
Total	<u>\$ 98,399</u>	<u>\$ 106,076</u>

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

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term	14.39 years	15.35 years
Weighted Average Discount Rate	1.55%	1.55%

The maturities of operating lease liabilities as of December 31, 2024 are as follows:

<u>Years Ending December 31,</u>	<u>Operating Leases</u>
2025	\$ 52,765
2026	52,721
2027	54,118
2028	55,543
2029	57,001
Thereafter	616,360
Total future minimum lease payments	<u>888,508</u>
Less imputed interest	<u>(97,104)</u>
Total	<u>\$ 791,404</u>

7. Net Assets Without Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 1,335,163	\$ 1,102,836
Board-designated investment and rainy day funds	469,238	457,370
Total net assets without donor restrictions	<u>\$ 1,804,401</u>	<u>\$ 1,560,206</u>

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8. Net Assets with Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Purpose restricted:		
Spanish ministry	\$ 162,031	\$ 159,491
Radio	15,000	---
Women's ministry	5,000	---
Time restricted:		
Promise to give	25,000	5,000
Total net assets with donor restrictions	<u>\$ 207,031</u>	<u>\$ 164,491</u>

9. 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:

<u>Type</u>	<u>Amounts Recognized</u>		<u>Utilization in Program/Activities</u>	<u>Donor Restrictions</u>
	<u>2024</u>	<u>2023</u>		
Revenue and net expenses:				
Advertising and postage	\$ ---	\$ 9,354	Program	None
Contracted services	---	3,660	Program	None
Accounting services	---	1,242	Fundraising	None
Conferences and meetings	---	8,138	Administrative	None
Office supplies	---	3,833	Administrative	None
Travel	---	1,120	Administrative	None
Total	<u>\$ ---</u>	<u>\$ 27,347</u>		

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, 2024 and 2023.

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.

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10. 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, 2024 and as of, April 21, 2025, the report date.

	<u>Total Commitment</u>	<u>Remaining as of December 31, 2024</u>	<u>Remaining as of April 21, 2025</u>
Planned giving consultant	\$ 27,000	\$ 9,000	\$ 9,000
2025 Women's event	70,000	50,500	---
Employment data collection and consulting for continuous improvement	7,600	3,800	3,800
Planned giving platform services	12,000	12,000	---
Team leadership consulting	6,000	6,000	---
Subsequent commitments:			
Grant proposal writing services	8,000	---	8,000
Continuous improvement analysis services	29,000	---	29,000
Strategic guidance for creative production	32,000	---	16,000
Develop and design for equipment upgrades	7,500	---	3,750

11. 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 \$61,425 and \$56,646 for the years ended December 31, 2024 and 2023, respectively.

12. 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, 2024 and 2023 totaled \$92,127 and \$92,013.

Members of the Board of Directors of the Organization donated \$109,100 and \$61,687, respectively, for the year ended December 31, 2024 and 2023. These donations are included in contributions on the statement of activities.

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.

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.

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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.

15. 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.