



**The Mailbox Club, Inc.  
Financial Statements  
December 31, 2025 and 2024**

The Mailbox Club, Inc.  
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December 31, 2025 and 2024

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## Independent Auditor's Report

To the Board of Directors of  
The Mailbox Club, Inc.

*Prager Metis CPAs, LLC*

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### Opinion

We have audited the accompanying financial statements of The Mailbox Club, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows 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 The Mailbox Club, Inc. as of December 31, 2025 and 2024, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Mailbox Club, Inc. 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 opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Mailbox Club, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.





## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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 The Mailbox Club, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Mailbox Club, Inc.'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.

*Prager Metis CPAs, LLC*

Prager Metis CPAs, LLC  
New York, New York  
March 20, 2026

The Mailbox Club, Inc.  
 Statements of Financial Position  
 December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Current assets		
Cash	\$ 2,882,633	\$ 2,065,822
Accounts receivable, net	305	318
Inventory, net	21,620	28,073
Employee advances	182,006	61,526
Prepaid expenses	27,055	23,874
Total current assets	<u>3,113,619</u>	<u>2,179,613</u>
Property and equipment, net	<u>1,289,580</u>	<u>1,148,583</u>
Other assets		
Investments	2,398,606	2,421,678
Deposit on property	-	543,613
Property held for sale	-	270,000
Total other assets	<u>2,398,606</u>	<u>3,235,291</u>
<b>Total assets</b>	<u>\$ 6,801,805</u>	<u>\$ 6,563,487</u>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 210,749	\$ 53,081
<b>Total liabilities (all current)</b>	<u>210,749</u>	<u>53,081</u>
<b>Net assets</b>		
Without donor restrictions	2,319,336	2,538,948
With donor restrictions	4,271,720	3,971,458
<b>Total net assets</b>	<u>6,591,056</u>	<u>6,510,406</u>
<b>Total liabilities and net assets</b>	<u>\$ 6,801,805</u>	<u>\$ 6,563,487</u>

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

The Mailbox Club, Inc.  
Statements of Activities  
Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue						
Contributions	\$ 1,412,055	\$ 7,944,125	\$ 9,356,180	\$ 415,866	\$ 7,096,560	\$ 7,512,426
Contributed property received	-	-	-	270,000	-	270,000
Contributed stock	349,309	-	349,309	189,291	-	189,291
Revenue from mail order, net	23,124	9,232	32,356	26,228	10,056	36,284
Royalty income	3,946	-	3,946	4,825	-	4,825
Rental income	28,074	-	28,074	23,875	-	23,875
Interest and dividend income	204,825	-	204,825	94,890	-	94,890
Loss on sale of contributed property	(18,426)	-	(18,426)	-	-	-
Gain (loss) on investments	(4,302)	-	(4,302)	106,369	-	106,369
Loss on disposal of fixed assets	(443)	-	(443)	-	-	-
Net assets released from restrictions	7,653,095	(7,653,095)	-	7,770,624	(7,770,624)	-
<b>Total public support and revenue</b>	<b>9,651,257</b>	<b>300,262</b>	<b>9,951,519</b>	<b>8,901,968</b>	<b>(664,008)</b>	<b>8,237,960</b>
Expenses						
Program activities						
Mail order	785,204	-	785,204	600,455	-	600,455
International operations	8,228,612	-	8,228,612	6,875,693	-	6,875,693
Total program activities	<b>9,013,816</b>	<b>-</b>	<b>9,013,816</b>	<b>7,476,148</b>	<b>-</b>	<b>7,476,148</b>
Supporting services						
General and administrative	212,176	-	212,176	207,012	-	207,012
Fundraising	644,877	-	644,877	535,993	-	535,993
Total supporting services	<b>857,053</b>	<b>-</b>	<b>857,053</b>	<b>743,005</b>	<b>-</b>	<b>743,005</b>
<b>Total expenses</b>	<b>9,870,869</b>	<b>-</b>	<b>9,870,869</b>	<b>8,219,153</b>	<b>-</b>	<b>8,219,153</b>
<b>Change in net assets</b>	<b>(219,612)</b>	<b>300,262</b>	<b>80,650</b>	<b>682,815</b>	<b>(664,008)</b>	<b>18,807</b>
Net assets, beginning of year	2,538,948	3,971,458	6,510,406	1,856,133	4,635,466	6,491,599
<b>Net assets, end of year</b>	<b>\$ 2,319,336</b>	<b>\$ 4,271,720</b>	<b>\$ 6,591,056</b>	<b>\$ 2,538,948</b>	<b>\$ 3,971,458</b>	<b>\$ 6,510,406</b>

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

The Mailbox Club, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2025

	Mail Order	International Operations	Total Program	General and Administrative	Fundraising	Total Expenses
Salaries and support	\$ 375,604	\$ 265,128	\$ 640,732	\$ 115,191	\$ 229,190	\$ 985,113
Medical insurance	-	8,454	8,454	-	-	8,454
Payroll taxes	28,715	20,216	48,931	8,662	17,298	74,891
Retirement benefits	8,221	7,461	15,682	3,169	5,962	24,813
Program materials	164,753	6,423,636	6,588,389	-	-	6,588,389
Postage and shipping	59,039	2,354	61,393	1,238	45,389	108,020
Advertising	22,514	-	22,514	-	-	22,514
Office expense	14,725	26,435	41,160	13,407	103,621	158,188
Utilities	15,427	1,187	16,614	5,933	1,187	23,734
Telephone	1,914	24,029	25,943	1,914	1,914	29,771
Printing	-	-	-	-	36,700	36,700
Travel	19,341	467,525	486,866	4,598	37,273	528,737
Subscriptions and conferences	1,264	1,264	2,528	1,265	1,264	5,057
Contributions transmitted	13,075	873,783	886,858	-	-	886,858
Property insurance	7,896	7,158	15,054	3,636	4,023	22,713
Repairs and maintenance	25,790	10,784	36,574	10,784	10,784	58,142
Rental property expenses	19,749	19,749	39,498	19,750	19,749	78,997
Professional services	-	795	795	15,453	123,347	139,595
Depreciation	7,177	68,654	75,831	7,176	7,176	90,183
<b>Totals</b>	<b>\$ 785,204</b>	<b>\$ 8,228,612</b>	<b>\$ 9,013,816</b>	<b>\$ 212,176</b>	<b>\$ 644,877</b>	<b>\$ 9,870,869</b>

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

The Mailbox Club, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2024

	Mail Order	International Operations	Total Program	General and Administrative	Fundraising	Total Expenses
Salaries and support	\$ 267,988	\$ 233,133	\$ 501,121	\$ 126,778	\$ 155,407	\$ 783,306
Medical insurance	-	7,905	7,905	-	-	7,905
Payroll taxes	20,501	17,835	38,336	9,699	11,888	59,923
Retirement benefits	5,521	6,476	11,997	2,738	4,293	19,028
Program materials	131,416	5,150,562	5,281,978	-	-	5,281,978
Postage and shipping	34,378	5,372	39,750	568	37,758	78,076
Advertising	5,239	-	5,239	-	-	5,239
Office expense	15,854	41,979	57,833	13,486	53,874	125,193
Utilities	10,771	829	11,600	4,143	828	16,571
Telephone	3,226	20,842	24,068	3,226	3,226	30,520
Printing	-	-	-	-	26,297	26,297
Travel	14,830	458,922	473,752	947	62,931	537,630
Subscriptions and conferences	1,004	1,004	2,008	1,003	1,003	4,014
Contributions transmitted	36,400	850,425	886,825	-	-	886,825
Property insurance	6,650	6,837	13,487	3,353	3,704	20,544
Repairs and maintenance	27,561	9,305	36,866	9,305	9,305	55,476
Rental property expenses	13,150	13,150	26,300	13,150	13,149	52,599
Professional services	-	350	350	13,069	146,649	160,068
Depreciation	5,966	50,767	56,733	5,547	5,681	67,961
<b>Totals</b>	<b>\$ 600,455</b>	<b>\$ 6,875,693</b>	<b>\$ 7,476,148</b>	<b>\$ 207,012</b>	<b>\$ 535,993</b>	<b>\$ 8,219,153</b>

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

The Mailbox Club, Inc.  
Statements of Cash Flows  
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 80,650	\$ 18,807
Adjustments to reconcile change in net assets to net cash provided (used in) by operating activities		
Depreciation	125,146	99,410
Net change in provision for inventory reserves	(9,175)	30,469
Contributed property received	-	(270,000)
Contributed stock	(349,309)	(189,291)
Loss on disposal of fixed assets	443	-
Loss on sale of donated property	18,426	-
Gain on investments	4,302	(106,369)
Change in operating assets and liabilities		
Accounts receivable	13	211
Inventory	15,628	(39,748)
Employee advances	(120,480)	30,856
Prepaid expenses	(3,181)	(2,461)
Deposit on property	543,613	(543,613)
Accounts payable and accrued expenses	157,668	14,531
<b>Net cash provided by (used in) operating activities</b>	<u>463,744</u>	<u>(957,198)</u>
<b>Cash flows from investing activities</b>		
Proceeds on sale of contributed property	251,916	1,000
Purchase of property and equipment	(266,586)	(206,570)
Purchase of investments	(2,061,263)	(2,384,561)
Proceeds for investment maturities	2,429,000	3,668,000
Proceeds from sale of stock	-	191,418
<b>Net cash provided by investing activities</b>	<u>353,067</u>	<u>1,269,287</u>
<b>Net change in cash</b>	<b>816,811</b>	<b>312,089</b>
Cash, beginning of year	<u>2,065,822</u>	<u>1,753,733</u>
<b>Cash, end of year</b>	<u>\$ 2,882,633</u>	<u>\$ 2,065,822</u>
<b>Schedule of non-cash investing and financing activities</b>		
Property received through contributions	<u>\$ -</u>	<u>\$ 270,000</u>
Contributions of stock and investments received	<u>\$ 349,309</u>	<u>\$ 189,291</u>

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

## **Note 1 Nature of Organization**

### **Description of Activities**

The Mailbox Club, Inc. (“the Organization”) is a non-profit corporation organized in the State of Georgia and approved by the Internal Revenue Service as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The stated objective of the organization, as amended, is "to propagate the gospel of the Lord Jesus Christ and to cooperate with other Christian agencies which have the same objective." To that end, the Organization engages in publishing and distributing books, tracts, and Bible correspondence courses. Its purpose is to reach people of all ages with the Gospel, to win them to Christ, and to disciple and assist them in getting established in local Bible-believing churches.

The Organization began in 1965 with the writing and publishing of Course 1 of The Mailbox Club. Since that time, 20 more courses have been written, published and distributed worldwide. In addition to a large correspondence ministry administered from Valdosta, Georgia, there are between 200 and 300 Associate Mailbox Clubs consisting of individuals, churches, and other groups who share in the distribution and grading of the correspondence courses in the United States of America. In addition, there are over 160,000 churches that are involved in The Mailbox Club ministry outside of the USA.

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

### **Financial Statement Presentation**

The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), which require 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-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.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Note 2 Summary of Significant Accounting Policies (continued)**

**Measure of Operations**

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**Use of Estimates**

Preparation of financial statements in accordance with GAAP requires the Organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Fair Value of Financial Instruments**

The Organization discloses for each class of financial instruments the methods, and when a valuation technique is used, the significant assumptions applied in determining the fair value of financial assets and liabilities. If there is a change in the valuation technique, then the Organization discloses both the change and the reasons for the change.

The Organization estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies.

The Organization's financial instruments consist primarily of cash and certificates of deposit, accounts receivable, inventory, employee advances, investments, and accounts payable and accrued expenses.

**Cash and Cash Equivalents**

For purposes of reporting on the statements of cash flows, the Organization includes all cash investments which are not subject to withdrawal restrictions or penalties and certificates of deposit with maturity of three months or less as cash and cash equivalents.

**Concentration of Credit Risk**

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). The coverage is \$250,000 for substantially all other depository accounts. Deposit accounts, at times, may exceed federally insured limits; however, the Organization has not suffered any losses as a result. There were no cash equivalents as of December 31, 2025 or 2024.

**Note 2 Summary of Significant Accounting Policies (continued)**

**Accounts Receivable**

The Organization carries its accounts receivable at the amount billed to the customer less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current and future credit conditions. The Organization's policy is not to accrue interest on accounts receivable. Accounts are written off as uncollectible at the time management determines that collection is unlikely.

Accounts receivable at December 31, 2025, 2024 and 2023 was \$305, \$318 and \$529, respectively. No allowance for doubtful accounts is deemed necessary as management believes the balances are fully collectible.

**Inventory**

Inventory consists of ministry-related lessons, books, and literature held for future distribution and is valued at the lower of cost using the first-in, first-out method or net realizable value.

**Property and Equipment**

Land, buildings and equipment are capitalized at cost. Purchases that exceed \$1,000 and have an expected useful life of more than one year are capitalized. Donated assets to be used in the ministry are capitalized at their fair market value on the date of the gift. Depreciation is provided on a straight-line basis over 7-33 years for buildings, 3-10 years for equipment, and 5 years for vehicles.

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

**In-kind Donations**

During the years ended December 31, 2025 and 2024, the Organization received stock donations with an estimated fair value on the date of gift of \$349,309 and \$189,291, respectively. This amount is reported as contributed stock on the statements of activities. During the year ended December 31, 2024, the Organization also received land with an estimated fair value on the date of gift of \$270,000. This amount is reported as contributed property received on the statements of activities.

The Organization's policy related to gifts-in-kind is to utilize the asset given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. All gifts-in-kind received by the Organization for the years ended December 31, 2025 and 2024, if any, were considered without donor restrictions and able to be used by the Organization as determined by the board and management.

**Note 2 Summary of Significant Accounting Policies (continued)**

A substantial number of volunteers have donated a significant amount of time to the Organization's operations and program services. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under GAAP.

**Investments**

The Organization reports its investments in accordance with GAAP for not-for-profit organizations. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statements of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**Revenue and Revenue Recognition**

The Organization sells books, tracts, and Bible correspondence courses around the world. Revenue associated with administering these sales is included in revenue from mail order in the statements of activities. The Organization recognizes revenue and related costs in the period that the materials are sold. During the years ended December 31, 2025 and 2024, the Organization recognized \$32,356 and \$36,284 of revenue, respectively, which is included as revenue from mail orders, net on the statement of activities.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; is received.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There were no conditional promises to give at December 31, 2025 and 2024.

Royalty revenue from books and supplies is recognized when the performance obligation of providing those goods is satisfied.

**Note 2 Summary of Significant Accounting Policies (continued)**

The Organization leases apartment units to employees on a month-to-month basis. There are no contracts or formal terms. Rental income is recognized monthly as the performance obligation of providing the space to the tenant is satisfied. Rental income for the years ended December 31, 2025 and 2024 was \$28,074 and \$23,875, respectively.

The following is an analysis of the carrying amounts of the underlying assets related to the apartment units:

	<u>2025</u>	<u>2024</u>
At cost:		
Buildings and improvements	\$ 617,647	\$ 610,444
Less: accumulated depreciation	<u>(304,565)</u>	<u>(274,759)</u>
Total cost, net	<u>\$ 313,082</u>	<u>\$ 335,685</u>

**Income Taxes**

The Organization is established as a not-for-profit entity and has been recognized as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 740, *Accounting for Uncertainty in Income Taxes*, clarifies the accounting for the recognition and measurement of uncertainties in income taxes recognized in an entity’s financial statements and prescribes a threshold of more-likely-than-not for recognition of tax positions taken or expected to be taken in a tax return. The Organization’s policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence.

As of December 31, 2025, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The organization records interest and penalties related to uncertain tax positions as a component of the provision for income tax.

The Organization’s income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2025, years subject to examination include 2022, 2023, and 2024.

**Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis and, accordingly, certain expenses have been allocated among the program and supporting services benefitted. Such allocations are determined by management on an equitable basis.

**Note 2 Summary of Significant Accounting Policies (continued)**

The expenses that are allocated include the following:

<b>Expense</b>	<b>Method of Allocation</b>
Salaries, benefits and related expenses	Time and effort
Program materials	Time and effort
Postage and shipping	Time and effort
Office expenses	Time and effort
Utilities	Time and effort
Telephone expenses	Time and effort
Travel	Time and effort
Subscriptions and conferences	Time and effort
Property insurance	Time and effort
Repairs and maintenance	Time and effort
Rental property expenses	Square footage/time and effort
Professional services	Time and effort
Depreciation	Square footage/time and effort

**Advertising Costs**

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended December 31, 2025 and 2024 was \$22,514 and \$5,239, respectively.

**Note 3 Availability and Liquidity**

The following represents the Organization's financial assets at December 31, 2025:

Cash	\$ 2,882,633
Accounts receivable	305
Employee advances	182,006
Investments	2,398,606
Total financial assets	<u>5,463,550</u>
Less net assets with purpose restrictions to be met in less than one year	<u>(4,271,720)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,191,830</u>

**Note 3 Availability and Liquidity (continued)**

The following represents the Organization's financial assets at December 31, 2024:

Cash	\$ 2,065,822
Accounts receivable	318
Employee advances	61,526
Investments	2,421,678
Total financial assets	<u>4,549,344</u>
Less net assets with purpose restrictions to be met in less than one year	<u>(3,971,458)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 577,886</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments including certificates of deposit and money market accounts.

**Note 4 Inventory**

Inventory consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
MO Inventory	\$ 123,982	\$ 139,610
Less: reserves for obsolescence	<u>(102,362)</u>	<u>(111,537)</u>
Inventory, net	<u>\$ 21,620</u>	<u>\$ 28,073</u>

For the years ended December 31, 2025 and 2024, the net change in the reserves for inventory obsolescence totaled (\$9,175) and \$30,469, respectively and is included as a component of program materials on the statement of functional expenses.

**Note 5 Investments**

At December 31, 2025, Level 1 investments consisted of U.S. Treasury bills (2,414,000 units) with a cost basis of \$2,365,757, a market value of \$2,398,606, and maturity dates ranging from January 31, 2026 to August 15, 2026. The loss on investments for the year ended December 31, 2025 was \$4,644.

**Note 5 Investments (continued)**

At December 31, 2024, Level 1 investments consisted of ten U.S. Treasury bills (2,429,000 units) with a cost basis of \$2,384,561, a market value of \$2,421,678, and maturity dates ranging from January 15, 2025 to September 15, 2025. The gain on investments for the year ended December 31, 2024 was \$106,369.

**Note 6 Property Held for Resale**

The Organization held an investment in a lot located in Cynthiana, Kentucky, which was sold during the year ended December 31, 2025. The total value of property held for resale at December 31, 2024 was \$270,000.

**Note 7 Property and Equipment**

A description of property and equipment follows at December 31:

	<u>2025</u>	<u>2024</u>
At cost:		
Land	\$ 407,825	\$ 407,825
Buildings and improvements	1,305,086	1,210,300
Equipment and vehicles	<u>541,481</u>	<u>408,817</u>
	2,254,392	2,026,942
Less: accumulated depreciation	<u>(964,812)</u>	<u>(878,359)</u>
Property and equipment, net	<u>\$ 1,289,580</u>	<u>\$ 1,148,583</u>

Depreciation for the year ended December 31, 2025 was \$125,146, of which \$34,963 is included in rental property expenses on the statement of functional expenses. Depreciation for the year ended December 31, 2024 was \$99,410, of which \$31,449 is included in rental property expenses on the statement of functional expenses.

**Note 8 Fair Value Measurement**

The FASB issued a statement that defines fair value and establishes a 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 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.

**Note 8 Fair Value Measurement (continued)**

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs that are derived principally from or corroborated by observable market data.

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 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2025 and 2024.

*U.S. Treasury Bills*

These investments are public investment vehicles valued using actual quoted market prices. The quoted price is in an active market and classified within Level 2 of the valuation hierarchy.

*Property Held for Sale*

These properties are valued at fair market value using real estate appraisals. The properties held for sale are classified within Level 2 of the valuation hierarchy.

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

The Organization's Level 2 assets at fair value as of December 31, 2025 and 2024 total \$2,398,606 and \$2,691,678, respectively.

**Note 9 Net Assets**

Net assets without donor restrictions at December 31, 2025 and 2024 were \$2,319,336 and \$2,538,948, respectively.

Net assets with donor restrictions were as follows at December 31:

	<u>2025</u>	<u>2024</u>
Specific purpose:		
Program activities	\$ 4,264,757	\$ 3,957,106
Missionary support	6,963	14,352
Total	<u>\$ 4,271,720</u>	<u>\$ 3,971,458</u>

Net assets released from net assets with donor restrictions resulting from the satisfaction of purpose restrictions for program activities totaled \$7,653,095 and \$7,770,624 for the years ended December 31, 2025 and 2024, respectively.

**Note 10 Retirement Plan**

The Organization maintains a retirement plan that covers all employees. Any employee receiving \$5,000 or more in compensation during the calendar year is eligible to participate. The Organization matches employee contributions dollar for dollar, up to 3% of the employee's regular salary. Each participant is fully and immediately vested in all Plan contributions. Retirement plan contributions for the years ended December 31, 2025 and 2024 were \$24,813 and \$19,028, respectively.

**Note 11 Concentration of Credit Risk**

The Organization had two major contributors that provided \$4,000,000 or 43% of total contributions for the year ended December 31, 2025. The Organization had two major contributors that provided \$2,000,000 or 27% of total contributions for the year ended December 31, 2024.

**Note 12 Subsequent Events**

The Organization evaluated the effect that all subsequent events would have on the financial statements through March 20, 2026, which is the date the financial statements were available to be issued.