

**LOVE WORTH FINDING MINISTRIES, INC. AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2023 and 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Love Worth Finding Ministries

### Opinion

We have audited the accompanying financial statements of Love Worth Finding Ministries (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Love Worth Finding Ministries as of June 30, 2023 and 2022 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Love Worth Finding Ministries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Love Worth Finding Ministries' 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 generally accepted auditing standards 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 Love Worth Finding Ministries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Love Worth Finding Ministries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Watkins Mikusall, PLLC*

Memphis, Tennessee  
December 18, 2023

**LOVE WORTH FINDING MINISTRIES, INC.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

June 30, 2023 and 2022

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,231,060	\$ 1,778,287
Prepaid expenses	139,681	137,041
Inventory	386,312	331,943
Property and Equipment		
Land	311,215	311,215
Buildings and improvements	2,485,848	2,488,918
Furniture, fixtures, and equipment	1,538,258	1,615,188
Right-of use equipment	72,593	-
Construction in Progress	114,106.00	-
	<u>4,522,020</u>	<u>4,415,321</u>
Less accumulated depreciation	<u>(3,100,148)</u>	<u>(2,981,065)</u>
Total property and equipment	<u>1,421,872</u>	<u>1,434,256</u>
 Total assets	 <u><u>\$ 3,178,925</u></u>	 <u><u>\$ 3,681,527</u></u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts payable	\$ 355,574	\$ 134,271
Accrued expenses	33,652	-
Accrued vacation	-	67,587
Capital lease liability	-	46,177
Finance lease liability	28,625	-
	<u>417,851</u>	<u>248,035</u>
 Total liabilities	 417,851	 248,035
Net Assets		
Without Donor Restrictions		
Undesignated	<u>2,761,074</u>	<u>3,433,492</u>
With Donor Restrictions		
Purpose restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>2,761,074</u>	<u>3,433,492</u>
 Total liabilities and net assets	 <u><u>\$ 3,178,925</u></u>	 <u><u>\$ 3,681,527</u></u>

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

**LOVE WORTH FINDING MINISTRIES, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 6,120,857	\$ -	\$ 6,120,857
Estate gifts	500,064	-	500,064
Sales	340,021	-	340,021
Less cost of goods sold	<u>(286,714)</u>	<u>-</u>	<u>(286,714)</u>
Net sales	53,307	-	53,307
Interest income	5,523	-	5,523
Miscellaneous	81,131	-	81,131
Net assets released from restrictions	-	-	-
Total support and revenue	<u>6,760,882</u>	<u>-</u>	<u>6,760,882</u>
Expenses			
Program services	5,609,475	-	5,609,475
General and administrative	833,544	-	833,544
Fundraising	990,281	-	990,281
Total expenses	<u>7,433,300</u>	<u>-</u>	<u>7,433,300</u>
Change in net assets	(672,418)	-	(672,418)
Net assets, beginning of year	<u>3,433,492</u>	<u>-</u>	<u>3,433,492</u>
Net assets, end of year	<u>\$ 2,761,074</u>	<u>\$ -</u>	<u>\$ 2,761,074</u>

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

**LOVE WORTH FINDING MINISTRIES, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 6,670,622	\$ -	\$ 6,670,622
Estate gifts	683,441	-	683,441
Sales	466,681	-	466,681
Less cost of goods sold	(336,199)	-	(336,199)
Net sales	130,482	-	130,482
Interest income	6,315	-	6,315
Miscellaneous	13,747	-	13,747
Net assets released from restrictions	10,000	(10,000)	-
Total support and revenue	7,514,607	(10,000)	7,504,607
Expenses			
Program services	5,532,900	-	5,532,900
General and administrative	813,422	-	813,422
Fundraising	898,078	-	898,078
Total expenses	7,244,400	-	7,244,400
Change in net assets	270,207	(10,000)	260,207
Net assets, beginning of year	3,163,285	10,000	3,173,285
Net assets, end of year	\$ 3,433,492	\$ -	\$ 3,433,492

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

**LOVE WORTH FINDING MINISTRIES, INC.**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,105,818	\$ 352,134	\$ 250,658	\$ 1,708,610
Employee benefits	259,661	89,726	58,858	408,245
Payroll taxes	82,298	28,438	18,655	129,391
Depreciation and amortization	83,490	41,368	14,062	138,920
Direct cost of media	2,254,456	-	-	2,254,456
Insurance	18,165	6,277	4,118	28,560
Special Events	-	67,222	22,407	89,629
Marketing and newsletters	974,081	44,580	479,229	1,497,890
Miscellaneous	6,384	40,029	66,194	112,607
Production costs	264,937	-	-	264,937
Professional Fees	331,498	85,236	27,748	444,482
Interest	-	5,161	-	5,161
Repairs and maintenance	121,459	40,742	4,753	166,954
Supplies	14,352	4,959	3,253	22,564
Telephone	16,667	9,204	8,008	33,879
Travel and training	58,912	9,819	29,455	98,186
Utilities	17,297	8,649	2,883	28,829
	<u>\$ 5,609,475</u>	<u>\$ 833,544</u>	<u>\$ 990,281</u>	<u>\$ 7,433,300</u>

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



**LOVE WORTH FINDING MINISTRIES, INC.****CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2022

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	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 996,746	\$ 326,754	\$ 233,262	\$ 1,556,762
Employee benefits	244,102	79,843	56,998	380,943
Payroll taxes	81,351	26,609	18,995	126,955
Depreciation and amortization	83,827	41,914	13,971	139,712
Direct cost of media	2,148,620	-	-	2,148,620
Insurance	21,572	7,056	5,037	33,665
Special events	-	15,718	5,240	20,958
Marketing and newsletters	1,159,432	57,484	433,045	1,649,961
Miscellaneous	11,282	60,349	76,453	148,084
Production costs	140,892	-	-	140,892
Professional fees	450,364	130,141	32,464	612,969
Rent	4,383	1,434	1,023	6,840
Repairs and maintenance	134,827	44,854	3,301	182,982
Supplies	10,404	3,404	2,429	16,237
Telephone	14,847	7,252	6,303	28,402
Travel and training	13,546	2,257	6,773	22,576
Utilities	16,705	8,353	2,784	27,842
	<u>\$ 5,532,900</u>	<u>\$ 813,422</u>	<u>\$ 898,078</u>	<u>\$ 7,244,400</u>

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

**LOVE WORTH FINDING MINISTRIES, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities:		
Change in net assets	\$ (672,418)	\$ 260,207
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used For) Operating Activities:		
Depreciation and amortization	138,920	139,712
Change in Operating Assets and Liabilities:		
Prepaid expenses	(2,640)	35,591
Inventory	(54,369)	(37,791)
Accounts payable	221,303	(31,521)
Accrued expenses	33,652	-
Accrued vacation	(67,587)	(98,580)
Total adjustments	269,279	7,411
Net cash provided by (used for) operating activities	(403,139)	267,618
Cash Flows From Investing Activities:		
Purchase of property and equipment	(114,106)	-
Disposal of property and equipment	-	3,070
Net cash used for investing activities	(114,106)	3,070
Cash Flows From Financing Activities:		
Principal payments on capital lease obligations	-	(23,381)
Principal payments on finance lease obligations	(29,982)	-
Net cash used for financing activities	(29,982)	(23,381)
Net increase (decrease) in cash and cash equivalents	(547,227)	247,307
Cash and cash equivalents, beginning of year	1,778,287	1,530,980
Cash and cash equivalents, end of year	\$ 1,231,060	\$ 1,778,287
Noncash Investing and Financing Activities:		
ROU assets obtained in exchange for finance lease	\$ 12,430	\$ 80,000

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

# LOVE WORTH FINDING MINISTRIES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

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### NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

#### Organization and Nature of Operations

Love Worth Finding Ministries, Inc. and its affiliated organization, Love Worth Finding of Canada (collectively “LWF”) are nonprofit organizations involved in carrying on the broadcast ministry of the late Dr. Adrian Rogers through various mediums including radio and television broadcasts, the sale of audio, video, digital, and print sermons, and the sale of books, booklets, and merchandise. LWF’s ultimate focus is to bring people to Christ and mature them in the faith.

LWF’s revenues come from individual donations, estate gifts, and product sales.

#### Principles of Consolidation

The financial statements of Love Worth Finding Ministries, Inc. and its affiliate Love Worth Finding of Canada have been consolidated due to the entities being financially interrelated and commonly controlled. All significant intercompany accounts and transactions are eliminated. Foreign currency translation amounts relating to the Canadian bank account were trivial for both of the years ended June 30, 2023 and 2022.

#### Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

#### Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### Revenue Recognition

Contributions are recognized when cash, securities or other assets, or 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.

Sales are recognized when control of products is transferred to its customers, in an amount that reflects the consideration LWF expects to be entitled to in exchange for those products. The principal terms of sale are FOB Shipping Point, with control of products transferring to customers upon shipment. Sales and other taxes are collected concurrent with the revenue-producing activities and are excluded from revenue. There are no significant financing components as payment is received at or shortly after the point of sale.

Shipping and handling fees are generally included as part of the product sales price to customers. These fees are included as a component of net sales. The amounts incurred for shipping and handling costs are included in cost of goods sold on the statements of activities, and totaled \$134,803 and \$139,299 for the years ended June 30, 2023 and 2022, respectively.

### Variable Consideration

The nature of the sales generated by products sold by LWF gives rise to variable consideration. Customer discounts are offered based upon current promotions on the online store or large quantity discounts. These discounts will reduce the transaction price which reduces revenue. These variable amounts are generally credited to the customer based on the promotion stated or quantity purchased at the time of sale.

### In-Kind Contributions

Contributions of donated noncash assets are capitalized at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recognized at their fair values in the period received as support and the related expense. No donations meeting this criteria were recorded for the years ended June 30, 2023 and 2022.

Additionally, the LWF receives a significant amount of contributed time from general volunteers which does not meet the two recognition criteria described above. LWF receives approximately 1,100 volunteer hours per year.

### Concentrations and Credit Risk

LWF's credit risks relate primarily to cash and cash equivalents. LWF maintains cash deposits with various domestic and foreign financial institutions. Accounts at each domestic institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to an aggregate of \$250,000. Accounts at the foreign institution are insured by the Canadian Deposit Insurance Corporation ("CDIC") up to an aggregate of \$100,000. At times, deposits exceeded FDIC limits throughout the year. LWF does not believe it is exposed to any significant credit risk on its cash deposits and has not experienced any loss in such accounts.

One vendor made up approximately 87% of LWF's direct media costs for the year ended June 30, 2023, and one vendor made up approximately 92% of direct media costs for the year ended June 30, 2022.

### Cash and Cash Equivalents

LWF considers all highly liquid deposit instruments with original maturities of three months or less and cash accounts that are not subject to withdrawal restrictions or penalties to be cash equivalents.

### Inventory

Inventory, consisting of recorded sermons, books, booklets, and related material, is stated at cost, using the average cost method.

### License Rights

During the year ended June 30, 2018, LWF entered into an agreement to purchase all of the copyright license rights to the Adrian Rogers works previously owned by Pastor Training Institute, Inc. This intellectual property was purchased for \$45,000 and is being amortized over a period of three years, beginning in January 2018. Amortization expense totaled \$0 and \$0 for the years ended June 30, 2023 and 2022, respectively.

## Property and Equipment

Property and equipment are recorded at cost if purchased or fair value on the date of donation, if donated. Depreciation is calculated using the straight-line method over the estimated useful life of each asset ranging from three to forty years. Improvements or betterments of a permanent nature in excess of \$2,500 are capitalized while expenditures for repairs and maintenance are charged to expense as incurred. Depreciation expense totaled \$135,083 and \$139,712 for the years ended June 30, 2023 and 2022, respectively.

## Net Assets

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, 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. On June 30, 2022, no net assets were restricted by donors. On June 30, 2023, there were no restricted net assets.

## Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that are identified with a specific program or support service are charged directly to the appropriate function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimate of the relative effort expended and facility usage for the related functions.

## Income Tax Status

LWF is exempt from federal income taxes under Internal Revenue Code 501(c)(3) and is similarly exempt from state income taxes and Canadian income taxes. Therefore, no provision has been made for such taxes. LWF files an exempt organization return in the U.S. federal jurisdiction.

## Advertising Costs

LWF expenses all advertising costs as incurred. No amounts have been capitalized. Advertising expense for the years ended June 30, 2023 and 2022, was \$171,256 and \$247,161, respectively.

## Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07 – *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which enhances presentation and disclosure requirements for not-for-profit entities that receive contributed nonfinancial assets. The main provisions require entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from

contributions of cash and other financial assets, and to disclose additional details including a disaggregation of the various types of contributed nonfinancial assets and whether those assets were monetized or utilized, among others. LWF implemented the new standard, and it did not have a material impact on the financial statements as LWF does not receive in kind contributions.

Effective January 1, 2022, the Company adopted FASB ASC 842, *Leases*. The Company determines if an arrangement contains a lease at inception based on whether the Company has the right to control the asset during the contract period and other facts and circumstances. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The adoption of FASB ASC 842 resulted in the recognition of finance lease liability of \$58,607 and right-of-use asset of \$76,430.

#### Date of Management's Review

LWF evaluated its June 30, 2023 financial statements for subsequent events through December 15, 2023, the date the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

#### **NOTE 2 – LIQUIDITY AND AVAILABILITY**

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

Cash and cash equivalents	<u>\$ 1,231,060</u>
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LWF's goal is generally to maintain reserved financial assets to meet 90-180 days of operating expenses (approximately \$1,900,000 to \$3,600,000). Cash for current operating needs is maintained in checking and money market accounts.

#### **NOTE 3 – RETIREMENT PLAN**

LWF has a 403(b) retirement plan which covers all full-time employees who have reached age 25 and completed one year of employment. Contributions to the plan are made by participants on a voluntary basis. LWF will match 100% of employee contributions up to 3% of the employee's salary. LWF also makes a profit-sharing contribution of 7% of each employee's salary. For the years ended June 30, 2023 and 2022, LWF made contributions of \$133,090 and \$118,291, respectively.

#### NOTE 4 – FINANCE LEASE

As described in Note 1, LWF has adopted FASB ASC 842, Leases, on July 1, 2022. LWF has entered into long-term noncancellable finance leases for equipment.

The lease does have an option to purchase at the end of its life that LWF plans to accept. The lease agreements do not include any material residual value guarantees or restrictive covenants.

At June 30, 2022, the leases have a weighted-average discount rate associated with financing leases is 8.85%, and associated weighted-average remaining lease term of 1.5 years.

The following table summarizes the line items in the combined balance sheet which include amounts for ROU assets and lease liabilities as of June 30, 2023:

	<u>2023</u>
Finance lease expense	
Amortization of ROU assets	\$ 12,143
Interest on lease liabilities	<u>5,161</u>
Total finance lease cost	<u>\$ 17,304</u>

Lease liability maturities as of June 30, 2023, are as follows:

2024	\$ 25,233
2025	4,640
Total minimum lease payments	<u>29,873</u>
Less: amount representing interest	<u>(1,248)</u>
Finance lease liability recognized	<u>\$ 28,625</u>