Family Life Communications, Inc.

Year Ended June 30, 2023

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Family Life Communications, Inc.

Year Ended June 30, 2023

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Independent Auditors' Report

Board of Directors and Management
Family Life Communications, Inc.
Tucson, Arizona

Opinion

We have audited the accompanying consolidated financial statements of Family Life Communications, Inc. (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Family Life Communications, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Family Life Communications, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Implementation of New Accounting Standard

As discussed in Note 1 to the consolidated financial statements, on July 1, 2022, the Organization adopted FASB Topic 842, *Leases.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Family Life Communications, 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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Life Communications, 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.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 19 through 20 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations, of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BeachFleischman PLLC

Tucson, Arizona
February 15, 2024

Family Life Communications, Inc.

Consolidated Statement of Financial Position

June 30, 2023

Assets	
Current assets:	
Cash and cash equivalents	$ 6,695,454
Investments	10,864,157
Accounts receivable, net	50,012
Total current assets	17,609,623
Property and equipment, net	3,524,004
Operating lease assets	961,665
Radio station frequency licenses, net	3,652,709
Other assets	1,021,464
Total assets	$ 26,769,465
Liabilities and Net Assets	
Current liabilities:	
Current portion of operating lease obligations	$ 339,014
Current portion of annuity obligations	15,000
Accounts payable and accrued expenses	691,492
Total current liabilities	1,045,506
Operating lease obligations, net of current portion	638,020
Annuity obligations, net of current portion	104,762
Total liabilities	1,788,288
Commitments	
Net assets:	
Without donor restrictions:	
Undesignated	17,788,592
Invested in property and equipment	3,524,004
Invested in radio station frequency licenses	3,652,709
Total net assets without donor restrictions	24,965,305
With donor restrictions	15,872
Total net assets	24,981,177
Total liabilities and net assets	$ 26,769,465

See notes to consolidated financial statements.

Family Life Communications, Inc.

Consolidated Statement of Activities

Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenues, support and gains:			
General contributions	$ 9,851,156	$ 754,109	$ 10,605,265
Broadcasting revenue	405,277	-	405,277
Bequest contributions	107,129	-	107,129
Resource sales and seminar income	30,484	-	30,484
Investment income, net	479,879	-	479,879
Leasing income	116,234	-	116,234
Gain on sale of assets	2,212,359	-	2,212,359
Net assets released from restriction	741,638	(741,638)	-
Total revenues, support and gains	13,944,156	12,471	13,956,627
Expenses:			
Program services	8,746,914	-	8,746,914
General and administrative	1,106,909	-	1,106,909
Fundraising	965,522	-	965,522
Total expenses	10,819,345	-	10,819,345
Change in net assets before impairment loss	3,124,811	12,471	3,137,282
Impairment loss	(19,779)	-	(19,779)
Change in net assets	3,105,032	12,471	3,117,503
Net assets, beginning	21,860,273	3,401	21,863,674
Net assets, ending	$ 24,965,305	$ 15,872	$ 24,981,177

See notes to consolidated financial statements.

Family Life Communications, Inc.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program services	General and administrative	Fundraising	Total expenses
Payroll	$ 3,818,600	$ 764,004	$ 244,615	$ 4,827,219
Payroll related taxes and benefits	908,184	183,255	58,674	1,150,113
	4,726,784	947,259	303,289	5,977,332
Administration, not elsewhere classified	37,084	6,645	2,466	46,195
Bank and processing fees	223,752	-	-	223,752
Computer software and support	290,195	26,718	2,169	319,082
Depreciation and amortization	511,715	6,140	-	517,855
Insurance	197,932	10,827	-	208,759
Interest	6,593	-	-	6,593
Internet and transmission charges	113,720	13,937	-	127,657
Outside and contract services	393,630	8,703	147,664	549,997
Postage	60,889	297	53,888	115,074
Printing	45,650	-	178,300	223,950
Professional fees	98,492	34,591	141,450	274,533
Programming	141,229	-	-	141,229
Promotions	252,243	-	73,949	326,192
Lease cost and repairs and maintenance	803,361	10,093	9,058	822,512
Taxes, licenses and fees	70,922	3,058	2,744	76,724
Telephone	60,243	7,819	7,130	75,192
Travel	307,900	17,955	31,867	357,722
Utilities	404,580	12,867	11,548	428,995
	$ 8,746,914	$ 1,106,909	$ 965,522	$ 10,819,345

Family Life Communications, Inc.

Consolidated Statement of Cash Flows

Year Ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	$ 3,117,503
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	517,855
Gain on sale of assets	(2,212,359)
Unrealized gain on investments	(143,949)
Realized gain on sale of investments	(79,477)
Impairment of indefinite-lived assets	19,779
Change in value of annuities	(23,796)
Change in operating leases	15,369
Changes in operating assets and liabilities:	
Accounts receivable	15,000
Other assets	22,936
Accounts payable and accrued expenses	31,331
Total adjustments	(1,837,311)
Net cash provided by operating activities	1,280,192
Cash flows from investing activities:	
Purchases of property and equipment	(783,813)
Proceeds from sale of assets	2,993,841
Escrow deposit for radio frequency licenses	(1,001,750)
Collections on note receivable	292,500
Proceeds from sale of investments	6,630,907
Purchases of investments	(15,337,305)
Net cash used in investing activities	(7,205,620)
Cash flows from financing activities:	
Payments on annuity obligations	(13,475)
Net cash used in financing activities	(13,475)
Net decrease in cash and cash equivalents	(5,938,903)
Cash and cash equivalents, beginning	12,634,357
Cash and cash equivalents, ending	$ 6,695,454

1. Description of organization and summary of significant accounting policies:

Organization:

Family Life Communications Incorporated (the Company) is a nonprofit company which is the sole member of nonprofit corporations consisting of (i) Family Life Broadcasting System (a Michigan corporation), (ii) Family Life Broadcasting System (a New Mexico Corporation), (iii) Family Life Broadcasting, Inc., and (iv) Parent Talk, Inc., which is the sole shareholder of a wholly-owned inactive for-profit corporation. In June 2023, Family Life Broadcasting System (New Mexico corporation), Family Life Broadcasting, Inc. and Parent Talk, Inc. were merged into Family Life Broadcasting System (Michigan Corporation). In August 2023, Family Life Communications Incorporated changed its name to Intentional Life Events, Inc. and Family Life Broadcasting System changed its name to Intentional Life Media.

The Company provides, through its affiliates, Christian broadcasting by way of its owned radio stations in eleven states, conferences, resources material, and syndicated broadcast programs. The Company's viability is dependent upon the strength of the national and local economies, and its resource providers.

Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its affiliates, Family Life Broadcasting System, and Parent Talk, Inc. (collectively, the Organization). All significant intercompany accounts and transactions have been eliminated in consolidation.

Adoption of new accounting standard:

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). Topic 842, which supersedes Topic 840, requires a lessee to recognize a lease asset and related lease liability on the statement of financial position. The accounting applied by lessors under Topic 842 is largely unchanged from Topic 840. Some changes to the lessor accounting guidance were made to align both of the following: a) the lessor accounting guidance with certain changes made to the lessee accounting guidance and b) key aspects of the lessor accounting model with revenue recognition guidance. The Organization adopted Topic 842 as of July 1, 2022 using the effective date method and recognized and measured leases existing at July 1, 2022 through a cumulative effect adjustment. The Organization did not restate prior comparative periods as presented under Topic 840 and instead evaluated whether a cumulative effect adjustment to net assets without donor restrictions as of July 1, 2022 was necessary for the cumulative impact of adoption of Topic 842. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed the Organization to carry forward the historical lease classification, not reassess whether any expired or existing contracts contain leases and not reassess initial direct costs on existing leases.

As a result of adopting Topic 842 effective July 1, 2022, the Organization recorded additional net lease assets and related lease liabilities of $1,399,331 and $1,471,654. Adoption of the new standard did not materially impact the Organization’s change in net assets, net assets without donor restrictions, and had no impact on cash flows.

1. Description of organization and summary of significant accounting policies (continued):

Net assets:

Net assets, support, gains, and losses are classified based on the existence or absence of donor or grantor 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.

Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (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 consolidated financial statements and the reported amounts of revenues, support and gains and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and assumptions, including those related to inputs used to recognize revenue. Actual results could differ materially from such estimates and assumptions.

Recognition of contributions:

The Organization records contributions as support when donations are unconditionally given by a donor. Support is recorded in two classes of net assets: without donor restrictions and with donor restrictions. Contributions are recorded as support without donor restrictions if no donor stipulations are placed on the use of the donated asset. Contributions are recorded as support with donor restrictions if they are received with donor stipulations that limit the use on the donated assets, such as a designation to be used as support in specified years or towards specified projects. When a donor restriction expires or is met, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions are also recorded as support with donor restriction if the donor stipulates that the donated asset must be held in perpetuity.

The Organization conducts annual drives, primarily in the spring, fall, and end of year, to raise funds in the support of its ministries. The Organization asks donors to indicate their intention to give on an on-going monthly basis and not as a promise. Intentions to give are not recorded as support until the amount is collected from the donor.

1. Description of organization and summary of significant accounting policies (continued):

Recognition of contributions (continued):

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 substantially met. Amounts received in advance of the conditions being substantially met are recorded as deferred support.

Broadcast revenue:

Broadcast revenue is recognized at a point in time, when the services have been provided.

Resource sales and seminar income:

Resource sales and seminar income are recognized at a point in time, when the goods or services have been provided.

Rent income:

The Organization accounts for their leases to third-parties as operating leases. Rental income is recognized on a straight-line basis over the term of the lease. The lease terms are generally 5 years, but can be shorter or longer terms as negotiated.

Cash and cash equivalents:

All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

All cash and cash equivalents are placed with various credit institutions. At times, such amounts may be in excess of the FDIC insurance limits; however, management does not believe they are exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable:

The Organization grants unsecured credit to its broadcasting and lease customers. The Organization considers accounts over 90 days to be past due. At July 1, 2022, the balance of accounts receivable was $65,012.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectibility of specific doubtful accounts and the aging of accounts receivable. Receivables are written off when deemed uncollectible. Accounts receivable are considered fully collectible by management; therefore, no allowance for doubtful accounts has been provided.

1. Description of organization and summary of significant accounting policies (continued):

Property, equipment, depreciation and amortization:

Property and equipment are stated at cost or, if acquired by gift, at estimated fair market value at the date of donation. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the related assets, which range from 3 to 25 years. Maintenance, repairs and minor renewals are expensed as incurred while expenditures for additions and improvements with a useful life greater than a year and over $1,000 are capitalized.

Leases:

The Organization leases radio tower space, land, and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under Topic 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Lease 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. Lease assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses a risk-free rate based on the information available at lease commencement. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Operating lease assets also include any lease payments made and exclude any lease incentives. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Certain of the Organization's lease agreements include provisions for variable rent payments, which are based on the consumer price index (CPI). Lease liabilities are not remeasured as a result of changes in CPI; instead, changes in CPI are treated as variable lease payments and are excluded from the measurement of lease assets and lease liabilities. These payments are recognized in the period in which the related obligation was incurred.

None of the Organization's lease agreements contain any material residual value guarantees or material restrictive covenants.

The Organization has elected to apply the short-term lease exemption to one of its classes of underlying assets, radio towers. In 2023, the Organization has only a small number of leases within this class of underlying asset that qualify for the exemption.

Notes to Consolidated Financial Statements (continued)

Year Ended June 30, 2023

1. Description of organization and summary of significant accounting policies (continued):

Impairment of long-lived assets:

The Organization reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of the long-lived assets is less than the carrying amount, the asset is considered impaired. Impairment losses would be measured as the amount by which the carrying amount exceeds the fair value of the asset. There was no impairment of long-lived assets recognized for 2023.

Investments:

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statement of financial position. Donated investments are recorded at their fair value at the date of gift. Investment gains and losses are included in the consolidated statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations or legal requirements.

Radio frequency licenses:

The Organization's indefinite-lived intangible assets consist of radio frequency licenses granted by the Federal Communications Commission. In accordance with GAAP, the frequency licenses are evaluated annually by management to determine if their residual cost exceeds their fair value. The Organization performed its annual impairment tests on its indefinite-lived assets as of June 30, 2023, which resulted in a noncash impairment loss of $19,779. The impairment charge reduced the carrying value of one station. Accumulated amortization and impairments of radio frequency licenses was $601,847 at June 30, 2023.

Annuity obligations:

Annuities payable consist of charitable gift annuities and a liability under an unqualified deferred compensation plan which is payable in the form of an annuity. Charitable gift annuities are stated at the actuarially computed present value of future payments to payees, calculated using the current rate established by the American Council on Gift Annuities. Funds received are recorded as general assets of the Organization. Funds received in excess of the present values payable on annuity contracts are recorded as contributions in the year received.

Fair value measurements:

Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date. Fair value measurements assume the asset or liability is exchanged in an orderly manner; the exchange is in the principal market for that asset or liability (or in the most advantageous market when no principal market exists); and that the market participants are independent, knowledgeable, able and willing to transact an exchange. The provisions also clarify that the reporting entity’s nonperformance risk (credit risk) should be considered in valuing liabilities.

1. Description of organization and summary of significant accounting policies (continued):

Fair value measurements (continued):

Accounting standards establish a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. 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). Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the consolidated financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value.

Advertising:

Advertising costs are expensed as incurred and totaled $129,911 for the year ended June 30, 2023.

Functional allocation of expenses:

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Organization. Those expenses include salaries, payroll taxes and benefits, building repairs and maintenance, telephone, and utilities. Salaries, payroll taxes and benefits are allocated based on employee time and effort. Building repairs and maintenance, telephone and utilities are allocated based on square footage.

Tax exempt status:

Family Life Broadcasting and Parent Talk are exempt from income taxes under both federal (Internal Revenue Code Section 501(c)(3)) and Arizona income tax laws, and are classified as other than a private foundation under Internal Revenue Code Section 509(a)(1). Income from certain activities not directly related to their tax-exempt purpose, however, may be subject to taxation as unrelated business taxable income.

From time to time, the Organization may be subject to penalties assessed by various taxing authorities, which are classified as general and administrative expenses, if they occur.

Subsequent events:

The Organization's management has evaluated the events that have occurred subsequent to June 30, 2023 through February 15, 2024, the date that the consolidated financial statements were available to be issued. Management has no responsibility to update these consolidated financial statements for events and circumstances occurring after this date.

2. Liquidity and availability of financial assets:

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

Cash and cash equivalents	$ 6,695,454
Investments	10,864,157
Accounts receivable, net	50,012
Total financial assets	17,609,623
Donor restricted for specific purpose	(15,872)
Management designations:	
Special projects	(1,018,952)
Financial assets available to meet cash needs for general expenditures within one year	$ 16,574,799

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

3. Investments:

Investments at June 30, 2023 are carried at fair value. The fair value of assets has been measured on a recurring basis based on the quoted market price of net asset value, or the trade price on a national securities exchange at close of business on the measurement date (Level 1).

Equity securities	$ 1,006,754
Mutual funds	1,112,037
U.S. Treasury notes	3,514,176
Certificates of deposit	5,231,190
	$ 10,864,157

Net investment income for the year ended June 30, 2023 consists of the following:

Interest and dividend income	$ 279,056
Net realized and unrealized gains on investments	223,426
Investment fees	(22,603)
	$ 479,879

4. Property and equipment:

Broadcasting equipment	$ 8,220,069
Building and improvements	2,708,977
Furniture, equipment, and software	1,478,199
Land and improvement	1,063,315
Leasehold improvements	9,455
Construction in progress	135,800
	13,615,815
Less accumulated depreciation and amortization	10,091,811
	$ 3,524,004

5. Leases:

The Organization leases radio tower space, land, and equipment under noncancelable operating leases, which expire at various dates through June 2032. Most leases include one or more options to renew, with renewal terms that can extend the lease term from 5 to 10 years. Only lease options that the Organization believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities.

The components of lease cost are as follows:	
Operating lease cost, included in operating expenses	$ 504,067
Short-term lease cost, included in operating expenses	101,214
Variable lease payments, included in operating expenses	19,199
Total lease cost	$ 624,480

Cash flow information related to leases is as follows:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows - operating leases	$ 523,266

Other information related to leases is as follows:

Lease term (in years) and discount rate:	
Weighted-average remaining lease term, operating leases	4.3
Weighted-average discount rate, operating leases	2.9 %

5. Leases (continued):

The maturities of lease liabilities as of June 30, 2023 were as follows:

Year ending June 30,	
2024	$ 361,549
2025	240,816
2026	158,378
2027	126,730
2028	32,690
Thereafter	120,000
Total lease payments	1,040,163
Less interest	63,129
Present value of lease liabilities	$ 977,034

The present value of lease liabilities are reported in the statement of financial position as follows:

Current portion of operating leases obligations	$ 339,014
Operating lease obligations, net of current portion	638,020
	$ 977,034

6. Annuity obligations:

During 2004, the Organization purchased the assets of a station in Roswell, New Mexico. The consideration paid for the station's assets consisted solely of the assumption of a deferred compensation plan liability. Monthly payments required under the agreement are $2,585 over the joint remaining life expectancy of the payee and spouse. The fair value of this liability was estimated to be $385,000 using an average discount rate of 4.65% over a life expectancy of 18 years. The discount rate was estimated based on current rates for debt instruments with similar risks and maturities. At June 30, 2023 there was no liability based on the initial life expectancy of 18 years. However, monthly payments will continue to be paid to annuitant or annuitants' beneficiary until their death.

Amounts payable under other charitable gift annuity agreements were approximately $120,000 at June 30, 2023.

7. Management designated reserves:

Net assets with donor restrictions are primarily available for project specific capital expenditures. Additionally, as of June 30, 2023, management has designated approximately $1,019,000 of net assets without donor restriction for various projects, which are primarily facilities and program related.

8. Net assets with donor restrictions:

Net assets with donor restrictions are restricted for specified purposes as follows:

MD Funds	$ 14,971
Muslim Outreach	901
	$ 15,872

9. Retirement plan:

The Organization has a defined contribution plan. All employees who meet minimum age and service requirements are eligible to participate in the plan. Eligible employees may contribute to the plan not to exceed statutory limits. The Organization matches 100% of employee contributions up to 4% of their compensation. The Organization's contributions to the plan were approximately $159,000 for the year ending June 30, 2023.

10. Leasing transactions:

The Organization rents tower and office space to businesses under noncancelable leases with varying terms and expiration dates.

Operating lease income pertaining to lease payments	$ 116,234

10. Leasing transactions (continued):

The following is a summary of minimum future rental receipts under noncancelable operating leases:

Year ending June 30,	
2024	$ 103,953
2025	58,915
2026	24,901
2027	18,755
2028	15,002
Thereafter	7,122
	$ 228,648

11. Contingencies

Paycheck Protection Program (PPP) loan:

The Organization obtained a $860,905 loan under the PPP that was forgiven in May 2021. The SBA may undertake a review of a loan of any size during the ten-year period following forgiveness. The review will include the loan forgiveness application, as well as whether the Organization met the eligibility requirements of the program and received the proper loan amount. The timing and outcome of any SBA review is not known.

12. Subsequent events:

In July 2023, the Organization purchased a radio station frequency license for approximately $10,000,000. An escrow deposit of $1,001,750 was made in June 2023 and is included in other assets in the consolidated statement of financial position.

Family Life Communications, Inc.

Consolidating Statement of Financial Position

June 30, 2023

Assets

	Family Life Broadcasting	Parent Talk, Inc.	Eliminating entries	Total
Current assets:				
Cash and cash equivalents	$ 6,640,660	$ 54,794	$ -	$ 6,695,454
Investments	10,193,069	671,088	-	10,864,157
Accounts receivable, net	50,012	-	-	50,012
Total current assets	16,883,741	725,882	-	17,609,623
Property and equipment, net	3,524,004	-	-	3,524,004
Operating lease assets	961,665	-	-	961,665
Radio station frequency licenses, net	3,652,709	-	-	3,652,709
Intercompany receivable	-	530,140	(530,140)	-
Other assets	1,021,464	-	-	1,021,464
Total assets	$ 26,043,583	$ 1,256,022	$ (530,140)	$ 26,769,465

Liabilities and Net Assets

	Family Life Broadcasting	Parent Talk, Inc.	Eliminating entries	Total
Current liabilities:				
Current portion of operating lease obligations	$ 339,014	$ -	$ -	$ 339,014
Current portion of annuity obligations	15,000	-	-	15,000
Accounts payable and accrued expenses	689,467	2,025	-	691,492
Total current liabilities	1,043,481	2,025	-	1,045,506
Operating lease obligations, net of current portion	638,020	-	-	638,020
Annuity obligations, net of current portion	104,762	-	-	104,762
Intercompany payable	530,140	-	(530,140)	-
Total liabilities	2,316,403	2,025	(530,140)	1,788,288
Commitments				
Net assets:				
Without donor restrictions:				
Undesignated	16,534,595	1,253,997	-	17,788,592
Invested in property and equipment	3,524,004	-	-	3,524,004
Invested in radio station frequency licenses	3,652,709	-	-	3,652,709
Total net assets without donor restrictions	23,711,308	1,253,997	-	24,965,305
With donor restrictions	15,872	-	-	15,872
Total net assets	23,727,180	1,253,997	-	24,981,177
Total liabilities and net assets	$ 26,043,583	$ 1,256,022	$ (530,140)	$ 26,769,465

Family Life Communications, Inc.

Consolidating Statement of Activities

Year Ended June 30, 2023

	Family Life Broadcasting		Parent Talk, Inc.		
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions	Total
Revenues, support and gains:					
General contributions	$ 9,044,958	$ 695,113	$ 806,198	$ 58,996	$10,605,265
Broadcasting revenue	405,277	-	-	-	405,277
Bequest contributions	90,205	-	16,924	-	107,129
Resource sales and seminar income	-	-	30,484	-	30,484
Investment income, net	361,619	-	118,260	-	479,879
Rental income	116,234	-	-	-	116,234
Gain on sale of assets	2,212,359	-	-	-	2,212,359
Net assets released from restriction	682,642	(682,642)	58,996	(58,996)	-
Total revenues, support and gains	12,913,294	12,471	1,030,862	-	13,956,627
Expenses:					
Program services	8,102,538	-	644,376	-	8,746,914
General and administrative	1,094,699	-	12,210	-	1,106,909
Fundraising	888,768	-	76,754	-	965,522
Total expenses	10,086,005	-	733,340	-	10,819,345
Change in net assets before impairment loss	2,827,289	12,471	297,522	-	3,137,282
Impairment loss	(19,779)	-	-	-	(19,779)
Change in net assets	2,807,510	12,471	297,522	-	3,117,503
Net assets, beginning	20,903,798	3,401	956,475	-	21,863,674
Net assets, ending	$23,711,308	$ 15,872	$ 1,253,997	$ -	$24,981,177