



FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2023 and 2022

FOCUS ON THE FAMILY AND AFFILIATES

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	9
Supplemental Information	
Independent Auditors' Report on Supplemental Information	26
Consolidating Statement of Financial Position - September 30, 2023	27
Consolidating Statement of Financial Position - September 30, 2022	29
Consolidating Statement of Activities - Year Ended September 30, 2023	31
Consolidating Statement of Activities - Year Ended September 30, 2022	32

INDEPENDENT AUDITORS' REPORT

Board of Directors
Focus on the Family and Affiliates
Colorado Springs, Colorado

Opinion

We have audited the accompanying consolidated financial statements of Focus on the Family and Affiliates, which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 financial position of Focus on the Family and Affiliates as of September 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. We did not audit the consolidated financial statements of Lucent Insurance, Ltd., an investee of which Focus on the Family and Affiliates has a significant influence. Those consolidated statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the investment in Lucent Insurance, Ltd., is based solely on the report of the other auditors. The investee entity reports on the insurance basis of accounting as required by the Bermudan Insurance Regulators which is a financial reporting framework other than generally accepted accounting principles in the United States. We have applied audit procedures on the conversion adjustments to the financial statements of Lucent Insurance, Ltd., which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Lucent Insurance, Ltd., prior to these conversion adjustments, is based solely on the report of the other auditors. The investment in Lucent Insurance, Ltd. made up 0.4% and 0.4%, of Focus on the Family and Affiliates' total assets as of September 30, 2023 and 2022, and 2.2% and 0.0%, of its change in net assets for the years ended September 30, 2023 and 2022, respectively.

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Focus on the Family and Affiliates 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.

Board of Directors
Focus on the Family and Affiliates
Colorado Springs, Colorado

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Focus on the Family and Affiliates' 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 Focus on the Family and Affiliates' 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 Focus on the Family and Affiliates' ability to continue as a going concern for a reasonable period of time.

Board of Directors
Focus on the Family and Affiliates
Colorado Springs, Colorado

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements, continued

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.

Capin Crouse LLP

Colorado Springs, Colorado
February 1, 2024

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Financial Position (in thousands)

	September 30,	
	2023	2022
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 29,781	\$ 40,927
Accounts receivable–net	860	721
Inventory	1,561	1,557
Pledges receivable–net	1,588	99
Prepaid expenses	5,945	4,790
Investments	11,030	10,025
	50,765	58,119
Film production costs–net	1,606	135
Long-term investments	390	863
Property held for investment	-	1,530
Other assets	7,026	5,396
Operating lease right-of-use assets	399	-
Property and equipment–net	43,617	37,389
Endowment assets	495	468
	50,765	58,119
Total Assets	\$ 104,298	\$ 103,900
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 5,149	\$ 5,665
Accrued expenses	3,595	3,832
Deferred revenue	5,805	4,617
Operating lease obligations	157	-
Current portion of charitable gift annuities liability	283	278
	14,989	14,392
Long-term liabilities	73	244
Operating lease obligations–net of current portion	242	-
Charitable gift annuities liability–net of current portion	2,880	2,250
Total Liabilities	18,184	16,886
Net assets:		
Without donor restrictions	73,315	74,186
With donor restrictions:		
Restricted by purpose and time	12,448	12,477
Restricted in perpetuity	351	351
Total Net Assets	86,114	87,014
Total Liabilities and Net Assets	\$ 104,298	\$ 103,900

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Activities (in thousands)

	Year Ended September 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 83,393	\$ 26,571	\$ 109,964	\$ 75,360	\$ 38,292	\$ 113,652
Sales	10,683	-	10,683	10,505	-	10,505
Royalty and licensing revenue	1,462	-	1,462	1,666	-	1,666
Investment income	2,010	-	2,010	301	-	301
Event revenue	7,943	-	7,943	7,364	-	7,364
Change in value of annuities	78	-	78	(1,909)	-	(1,909)
Income (loss) from joint ventures	467	-	467	(1,693)	-	(1,693)
Other revenue	2,843	-	2,843	2,648	-	2,648
Total Support and Revenue	108,879	26,571	135,450	94,242	38,292	132,534
NET ASSETS RELEASED:						
Time restrictions	134	(134)	-	146	(146)	-
Purpose restrictions	26,466	(26,466)	-	42,800	(42,800)	-
Total Net Assets Released	26,600	(26,600)	-	42,946	(42,946)	-
EXPENSES:						
Program services:						
Marriage	31,170	-	31,170	27,046	-	27,046
Parenting	44,301	-	44,301	45,459	-	45,459
Evangelism and discipleship	20,621	-	20,621	18,340	-	18,340
Advocacy	15,853	-	15,853	13,538	-	13,538
Citizenship	2,899	-	2,899	2,325	-	2,325
	114,844	-	114,844	106,708	-	106,708
Supporting activities:						
General and administrative	8,944	-	8,944	8,411	-	8,411
Fundraising	12,562	-	12,562	10,727	-	10,727
Total Expenses	136,350	-	136,350	125,846	-	125,846
Change in Net Assets	(871)	(29)	(900)	11,342	(4,654)	6,688
Net Assets, Beginning of Year	74,186	12,828	87,014	62,844	17,482	80,326
Net Assets, End of Year	<u>\$ 73,315</u>	<u>\$ 12,799</u>	<u>\$ 86,114</u>	<u>\$ 74,186</u>	<u>\$ 12,828</u>	<u>\$ 87,014</u>

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Functional Expenses (in thousands)

Year Ended September 30, 2023

	Program Services					Supporting Activities			Total Expenses	
	Marriage	Parenting	Evangelism / Discipleship	Advocacy	Citizenship	Total	General and Administrative	Fundraising		Total
Salaries and benefits	\$ 15,265	\$ 21,464	\$ 11,065	\$ 2,896	\$ 1,996	\$ 52,686	\$ 5,353	\$ 6,270	\$ 11,623	\$ 64,309
Broadcast and publications	8,723	15,170	4,568	9,459	414	38,334	309	2,638	2,947	41,281
Office and technology	2,649	4,429	2,819	334	285	10,516	2,748	682	3,430	13,946
Events and travel	1,991	1,211	675	278	117	4,272	260	2,784	3,044	7,316
Grants and benevolence	1,620	388	334	2,757	28	5,127	-	-	-	5,127
Depreciation and amortization	922	1,639	1,160	129	59	3,909	274	188	462	4,371
Total Expenses	\$ 31,170	\$ 44,301	\$ 20,621	\$ 15,853	\$ 2,899	\$ 114,844	\$ 8,944	\$ 12,562	\$ 21,506	\$ 136,350

Year Ended September 30, 2022

	Program Services					Supporting Activities			Total Expenses	
	Marriage	Parenting	Evangelism / Discipleship	Advocacy	Citizenship	Total	General and Administrative	Fundraising		Total
Salaries and benefits	\$ 12,842	\$ 20,607	\$ 9,360	\$ 2,946	\$ 1,596	\$ 47,351	\$ 4,252	\$ 5,030	\$ 9,282	\$ 56,633
Broadcast and publications	8,438	17,431	4,371	7,212	376	37,828	314	2,715	3,029	40,857
Office and technology	2,224	4,177	2,655	466	193	9,715	2,887	611	3,498	13,213
Events and travel	1,332	1,015	724	718	114	3,903	204	2,251	2,455	6,358
Grants and benevolence	1,492	912	139	2,034	18	4,595	-	-	-	4,595
Depreciation and amortization	718	1,317	1,091	162	28	3,316	754	120	874	4,190
Total Expenses	\$ 27,046	\$ 45,459	\$ 18,340	\$ 13,538	\$ 2,325	\$ 106,708	\$ 8,411	\$ 10,727	\$ 19,138	\$ 125,846

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Cash Flows (in thousands)

	Year Ended September 30,	
	2023	2022
OPERATING ACTIVITIES:		
Change in net assets	\$ (900)	\$ 6,688
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of property and equipment	4,360	4,112
Amortization of film production costs	11	78
Realized loss on sale and disposal of assets	17	19
Net realized and unrealized loss (gain) on investments and endowment assets	(223)	102
Change in value of annuities	(78)	1,909
Contributions for the endowment	-	(10)
Changes in operating assets:		
Accounts receivable	(139)	(156)
Inventory	(4)	(251)
Prepaid expenses	(1,155)	(192)
Pledges receivable	(1,489)	269
Other assets	(1,630)	(2,094)
Changes in operating liabilities:		
Accounts payable and long-term liabilities	(687)	(213)
Accrued expenses	(237)	125
Deferred revenue	1,188	109
Net Cash (Used) Provided by Operating Activities	(966)	10,495
INVESTING ACTIVITIES:		
Purchases of property and equipment	(9,075)	(11,072)
Purchases of investments	(108)	(383)
Proceeds from sales of investments	513	1,220
Payments for film production	(1,482)	(117)
Purchase of gift annuity investments	(80)	(489)
Proceeds from sales of gift annuity investments	266	284
Net Cash Used by Investing Activities	(9,966)	(10,557)

(continued)

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Cash Flows (in thousands) (continued)

	Year Ended September 30,	
	<u>2023</u>	<u>2022</u>
FINANCING ACTIVITIES:		
Payments on gift annuities	(266)	(284)
Proceeds from issuance of new charitable gift annuities	52	175
Contributions received for the endowment	-	10
Net Cash Used by Financing Activities	<u>(214)</u>	<u>(99)</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	(11,146)	(161)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>40,927</u>	<u>41,088</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 29,781</u>	<u>\$ 40,927</u>
SUPPLEMENTAL DISCLOSURE:		
Transfer of property and equipment to other assets	<u>\$ -</u>	<u>\$ 1,393</u>

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

1. NATURE OF ORGANIZATIONS:

Focus on the Family (FOF) is a non-denominational church whose primary objective is to cooperate with the Holy Spirit in sharing the Gospel of Jesus Christ with as many people as possible by nurturing and defending the God-ordained institution of the family and promoting Biblical truths worldwide. The mission of Focus on the Family is accomplished through many ministry activities that include radio broadcasts, periodicals, books, films, videos, internet, and events which share the Gospel of Jesus Christ with constituents, schools, churches, and the public at large in the United States, as well as around the world. The primary sources of revenue are contributions from individuals, businesses, foundations, sales of books and audio-visual materials, and events.

FOF is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, FOF is subject to federal income tax on any unrelated business taxable income. In addition, FOF is not classified as a private foundation within the meaning of Section 509(a) of the IRC. It has been recognized by the IRS as a public charity under Section 509(a)(1) and is a church under Section 170 (b)(1)(A)(i).

Pine Creek Entertainment, LLC (PCE) produces feature-length documentary films that explore and reveal God's design for the family. PCE produced the films Irreplaceable and Dropbox; these are part of a planned series of feature-length documentaries that recover, renew, and reclaim the conversation about God's design for the family. PCE was formed on March 11, 2011 under the laws of Colorado. PCE's legal year-end is December 31, however, for comparability the presentation in the consolidated financial statements reflects the balances and activities for the years ended September 30, 2023 and 2022.

RezilientKidz (RK) was organized on March 11, 2011, as a nonprofit educational corporation under the laws of Colorado and is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, RK is subject to federal income tax on any unrelated business taxable income. In addition, RK is not classified as a private foundation within the meaning of Section 509(a) of the IRC. RK is a charitable, educational, and scientific organization created to champion the needs of children and equip parents to build thriving, healthy families through research, community initiatives, and reliable content.

Focus on the Family Latin America, Sociedad Anonima, whose translation into Spanish is Enfoque A La Familia America Latina, Sociedad Anonima, and may be abbreviated Focus on the Family Latin America, S.A. (FocusLA), was organized on July 22, 2020, as a for-profit corporation under the laws of Costa Rica. FocusLA delivers meaningful help to families in the Spanish-speaking world, by engaging and partnering with Families, the Church, Government, Education, Business, and Media, through a High Leverage, Scalable and Sustainable programming. FocusLA was closed and dissolved into FOF in April 2023.

PCE, RK, and FocusLA are legally recognized entities that FOF operates. PCE, RK, and FocusLA have common board members and officers, as well as some common management with FOF.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

FOF maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the consolidated financial resources and activities of FOF, PCE, RK, and FocusLA which will be collectively referred to as Focus. All material transactions and balances between the entities have been eliminated in the consolidation.

CASH AND CASH EQUIVALENTS

Focus considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash includes demand deposit accounts, commercial paper, and money market accounts recorded at cost, which approximates fair value. As of September 30, 2023 and 2022, Focus has cash and cash equivalents on deposit with financial institutions, including restricted cash, that exceed the federally insured (FDIC) balance. Amounts exceeding the FDIC limits are covered by other insurance provided through a network of financial institutions.

INVESTMENTS

Investments are carried at fair market value, with realized and unrealized gains and losses included as revenue without donor restrictions in the consolidated statements of activities. Certificates of deposit are recorded at cost. Donated investments are recorded at the fair market value on the date of donation and thereafter carried in accordance with the above provisions. The investment in the captive insurance arrangement is accounted for using the equity method.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of receivables from events, licensees, trade sales, and tenant improvements. Accounts receivable are net of an allowance for uncollectible accounts of \$0 for both September 30, 2023 and 2022. The allowance for doubtful accounts is maintained at a level that, in management's judgment, is adequate to absorb possible losses. The amount is based upon an analysis of overall trade receivables by management that includes, but is not limited to, the historical experience of payment patterns from the customer, financial condition of the customer, other known facts and circumstances and general economic conditions. This process is based on estimates, and ultimately losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for doubtful accounts in the period in which they become known. Receivables are written off when all methods of collection have been exhausted.

INVENTORY

Inventory consists of books, literature, and audio-visual materials, which are recorded at the lower of cost or net realizable value, using the weighted-average cost method (this method approximates the first-in first-out methodology).

PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to give that are recognized as assets and support in the period made and are recorded at their estimated net present value. The recorded value includes an allowance for uncollectible amounts of \$39,000 and \$46,000, as of September 30, 2023 and 2022, respectively. This allowance is calculated based on the historical collectability of the related pledges.

PREPAID EXPENSES

Prepaid expenses mainly consist of prepaid service contracts and advance royalties as of September 30, 2023 and 2022.

PROPERTY HELD FOR INVESTMENT

Management has reclassified a total of \$0 and \$1,529,897, as of September 30, 2023 and 2022, respectively, from property and equipment to property held for investment. As of September 30, 2022, Focus had recorded this property held for investment as a non-current asset to fund future investments in the Highlands at Briargate III, LLC (HBIII). Property held for investment is held at the lower of cost or fair market value. During the year ended September 30, 2023, Focus used this property to fund the investment in HBIII.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FILM PRODUCTION COSTS

Film production costs are amortized over the estimated period during which the related income is expected to be earned (three to five years). At September 30, 2023 and 2022, accumulated amortization was approximately \$31,400,000 and \$31,389,000, respectively. Focus periodically reviews film production costs for impairment, retirement, or abandonment. Upon impairment, retirement, or abandonment, the cost of the assets disposed of and the related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected.

OPERATING LEASE RIGHT-OF-USE ASSETS AND LIABILITIES

Focus adopted Accounting Standards Update (ASU) 2016-02 and its related amendments as of October 1, 2022, which resulted in the recognition of operating lease right-of-use assets and liabilities of \$398,996 as of September 30, 2023. The right-of-use asset and liability balances are immaterial to the financial statements, and therefore no additional footnote disclosures are included.

PROPERTY AND EQUIPMENT—NET

Property and equipment are recorded on the basis of cost, or estimated fair value if donated. Focus capitalizes purchases in excess of \$20,000, with lesser amounts expensed in the year purchased. Software purchases are capitalized if the amount is in excess of \$100,000. Upon retirement or sale, the cost of the assets disposed of and the related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in operations for the period. Depreciation and amortization are provided using the straight-line method over the following estimated useful lives of the assets:

	<u>Estimated Useful Lives</u>
Land improvements	10 years
Buildings and building improvements	20-30 years
Furniture, equipment, and software	2-7 years
Website	3 years

SURETY BONDS

Focus entered into a surety bond with the Colorado Department of Labor and Employment, secured by the assets of Focus, in July 2021 for an amount of \$203,824. The bond was effective until July 2023, at which point Focus renewed and is now effective until July 2025. There were no draws on the surety bond during the fiscal years ended September 30, 2023 and 2022.

Focus entered into a surety bond with the Michigan Department of Labor and Economic Opportunity, secured by the assets of Focus, in February 2020 for an amount of \$22,272. The bond is effective until December 2023. There were no draws on the bond during the fiscal year ended September 30, 2023 and 2022.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

DEFERRED INCOME

Deferred revenue is recorded for the unearned portion of subscriptions, event pre-registrations, tuition, advertising, and the advance royalties received on book and film resources. Revenue is recognized as earned; when the related products are fulfilled or events are held. As of September 30, 2023 and 2022, \$1,302,000 and \$133,000, respectively of deferred income was collected from various donors related to a conditional pledge. For 2023, if \$1,815,000 is collected before the end of the pledge period, other donors will match and all funds will be recognized as revenue by Focus. If this threshold is not met, Focus must return all amounts collected to the various donors. For 2022, the match was met and all the revenue was recognized.

CLASSES OF NET ASSETS

The net assets of Focus are reported in the following categories:

Net assets without donor restrictions consist of amounts currently available for use in the ministries of Focus and resources invested in property and equipment. During the years ended September 30, 2023 and 2022, the reserve for annuities kept by Focus was approximately \$283,000 and \$278,000, respectively.

Net assets with donor restrictions consist of unexpended, donor-restricted contributions and pledges receivable for special projects, and contributions with time restrictions attached, and unexpended endowment funds subject to restriction of gift instruments requiring that the principal be invested in perpetuity. Some disclosures required by the Reporting Endowment Funds subtopic of the Financial Accounting Standards Board Accounting Standards Codification have not been included in these financial statements due to immateriality.

The management of Focus has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Focus classifies as net assets restricted in perpetuity (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. Thus the net assets restricted in perpetuity reflect the historical cost value of the endowment.

Focus has a policy consistent with the intent of the endowment agreement. The primary investment objective of endowment funds is to follow those policies that will preserve the principal value, provide predictable income and, to the extent possible with prudence, increase the principal to offset the long-term effects of inflation. Accordingly, over the long-term, Focus expects the current spending policy to allow its endowment to grow on an annual basis. Actual results in any given year may vary.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

Focus, through media and various publications, offers ministry-related materials to the public. These materials are available whether or not a contribution is made; however, a gift of any amount (GOAA) is requested. During the years ended September 30, 2023 and 2022, material costs of \$730,000 and \$847,000, were incurred, respectively, and are included in expenses in the consolidated statements of activities.

Sales consist primarily of film revenue and books and audio-visual material made to Focus constituents, distributors, and institutions. Revenue for products sold at a point in time is recognized when the performance obligation is satisfied, which is when the product is provided to the customer. Should amounts not be collected when the performance obligation is satisfied, accounts receivable is recorded for the outstanding amount. Performance obligations that are satisfied over a period of time, such as online streaming services and magazine subscriptions, are recognized proportionally over the length of the agreement.

Event revenue consists of Focus ministry events, marriage counseling, marriage enrichment retreats and conferences. Payments received for events are due prior to the event commencing and are recorded as deferred revenue when received. Focus recognizes event revenue within the fiscal year in which the services are provided, which is when the event occurs. Should amounts not be collected when the performance obligation is satisfied, accounts receivable is recorded for the outstanding amount.

FUNCTIONAL ALLOCATION OF EXPENDITURES

The cost of providing the various programs has been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Salaries and benefits are allocated based upon time and effort, property depreciation is allocated based on square footage, equipment depreciation is allocated based on program usage, and remaining costs are allocated based on the purpose of the expense. The detailed schedule of the costs by program is included in the consolidated statements of functional expenses.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING, PROMOTION, AND CIRCULATION COSTS

Focus uses advertising, promotion, and circulation costs to distribute information regarding programs among the audiences served. These costs, expensed as incurred, are (in thousands):

	Year Ended September 30,	
	2023	2022
Advertising	\$ 118	\$ 37
Promotion	5,932	9,681
Circulation costs	193	264
	<u>\$ 6,243</u>	<u>\$ 9,982</u>

RECENTLY ADOPTED ACCOUNTING STANDARD

In 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842 of the ASC). The amendments in this update require organizations that lease assets to recognize on the consolidated statements of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. Focus adopted this update for the year ended September 30, 2023. Two of Focus' contracts contain the right to control the use of property or assets and are therefore considered leases. Focus elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements* and recorded the impact of adoption as of October 1, 2022, without restating any prior-year amounts. Focus elected the short-term accounting policy election in which only contracts with terms of more than 12 months are recognized. Focus also elected the practical expedient to not separate lease and non-lease components. The right-of-use asset and liability balances are immaterial to the financial statements, and therefore no additional footnote disclosures are included. The effect of the adjustment to the opening balance of net assets totaled \$2,396. As it was deemed immaterial, the net asset difference was adjusted through general and administrative on the consolidated statements of activities and functional expenses.

3. PLEDGES RECEIVABLE:

Pledges receivable consist of (in thousands):

	September 30,	
	2023	2022
Due in less than one year	\$ 1,627	\$ 145
Less allowance for uncollectible amounts	(39)	(46)
	<u>\$ 1,588</u>	<u>\$ 99</u>

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

4. FAIR VALUE MEASUREMENTS:

Focus uses appropriate valuation techniques to determine fair value based on inputs available. When available, Focus measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available. Fair values of assets measured on a recurring basis at September 30, 2023 and 2022, are (in thousands):

	September 30, 2023	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments and long-term investments:			
Mutual funds	\$ 7,191	\$ 7,191	\$ -
Fixed income securities	2,159	-	2,159
Certificates of deposit	493	-	493
Exchange traded funds	650	650	-
Endowments:			
Mutual funds	458	458	-
Exchange traded funds	22	22	-
	10,973	\$ 8,321	\$ 2,652
Reconciling items:			
Captive insurance arrangements	390		
Cash and money market accounts	552		
	942		
Total investments, long-term investments, and endowment assets	\$ 11,915		

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

4. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using:	
	September 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments and long-term investments:			
Mutual funds	\$ 6,462	\$ 6,462	\$ -
Fixed income securities	2,125	-	2,125
Certificates of deposit	989	-	989
Exchange traded funds	578	578	-
Endowments:			
Mutual funds	419	419	-
Exchange traded funds	24	24	-
	<u>10,597</u>	<u>\$ 7,483</u>	<u>\$ 3,114</u>
Reconciling items:			
Captive insurance arrangements	370		
Cash and money market accounts	389		
	<u>759</u>		
Total investments, long-term investments, and endowment assets	<u>\$ 11,356</u>		

Valuation techniques: Fair value for equities, fixed income securities, mutual funds, and exchange traded funds are based on quoted prices in active markets. Level 2 investments consist of observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

5. INVESTMENTS AND LONG-TERM INVESTMENTS:

Investments at estimated fair value consist of (in thousands):

	September 30,	
	2023	2022
National gift annuities:		
Mutual funds	\$ 7,038	\$ 6,326
Fixed income securities	2,159	2,125
Exchange traded funds	503	454
Money market accounts	525	345
	10,225	9,250
California gift annuities:		
Mutual funds	153	136
Exchange traded funds	147	124
Money market accounts	12	19
	312	279
Certificates of deposit	493	989
Captive insurance arrangements	390	370
	\$ 11,420	\$ 10,888

Investment income including return from endowment assets, consists of (in thousands):

	Year Ended September 30,	
	2023	2022
Interest and dividends	\$ 2,003	\$ 403
Realized and unrealized gains (losses)	7	(102)
	\$ 2,010	\$ 301

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

6. INVESTMENTS IN CAPTIVE INSURANCE COMPANIES:

Focus and ten other not-for-profit organizations are members of two offshore captive insurance holding companies, Lucent Insurance, Ltd. (Lucent) and Lucent Reinsurance, Ltd. (LucentRe). Focus accounts for its investment in these captives based on the equity method of accounting.

Lucent insures claims related to workers' compensation, auto and liability lines. Lucent reinsures the first \$250,000 of any claim. LucentRe insures the following \$100,000 of any claims related to workers' compensation, auto and liability lines.

Included within investments is \$390,000 and \$370,000, which represents Focus' investment in the captives as of September 30, 2023 and 2022, respectively. The investment balance has been adjusted for Lucent earnings as of May 31, 2023, which is the most recently provided interim financial statements. Focus is not aware of any material changes to these balances as of September 30, 2023 and 2022. Focus paid approximately \$312,000 and \$155,000 in premiums to the captive during the years ended September 30, 2023 and 2022, respectively.

Summarized financial information (rounded) of Lucent as of May 31, 2023* is as follows:

Total assets	\$ 21,175,000
Total liabilities	\$ 8,152,000
Comprehensive loss (net of dividends)	\$ (82,000)

*Amounts represent interim balances and activities for the period from September 1, 2022 to May 31, 2023.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

7. OTHER ASSETS:

Other assets consist of (in thousands):

	September 30,	
	2023	2022
Investment in joint ventures	\$ 6,633	\$ 4,722
Deferred expenses	304	607
Deferred rent asset	58	67
Other	31	-
	\$ 7,026	\$ 5,396

During the year ended September 30, 2015, Focus entered into a joint venture agreement to become a member of Highlands at Briargate I (HBI), for the purpose of developing and constructing a retail shopping center. In December 2017, Focus contributed 8.1 acres to HBI in exchange for an ownership percentage of 25%. This is recorded as an investment in joint ventures and included in other assets on the consolidated statements of financial position as of September 30, 2022 and 2021. During the years ended September 30, 2023 and 2022, several buildings continued to be constructed and tenants commenced operations.

HBI's legal year-end is December 31, however, for comparability the presentation in the consolidated financial statements reflects the balances and activities as of September 30, 2023 and 2022. Unaudited summary financial information (rounded) of HBI is as follows for the periods ended September 30, 2023 and 2022:

	September 30,	
	2023	2022
Total Assets	\$ 16,347,000	\$ 16,086,000
Total Liabilities	\$ 12,166,000	\$ 12,262,000
Net Loss	\$ (435,000)	\$ (23,000)

During the year ended September 30, 2017, Focus entered into a joint venture agreement to become a member of Highlands at Briargate II, LLC. (HBII), for the purpose of developing and constructing a senior living center. In December 2017, Focus contributed 4.5 acres to HBII in exchange for an ownership percentage of 75%. This is recorded as an investment in joint ventures and included in other assets on the consolidated statements of financial position as of September 30, 2023 and 2022.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

7. OTHER ASSETS, continued:

HBII's legal year-end is December 31, however, for comparability the presentation in the consolidated financial statements reflects the balances and activities as of September 30, 2023 and 2022. Unaudited summary financial information (rounded) of HBII is as follows for the period ended September 30, 2023 and 2022:

	September 30,	
	2023	2022
Total Assets	\$ 2,126,000	\$ 1,932,000
Total Liabilities	\$ 15,000	\$ 45,000
Net income	\$ 120,000	\$ 118,000

During the year ended September 30, 2023, Focus entered into a joint venture agreement to become a member of HBIII, for the purpose of developing and constructing additional commercial and retail space. In February 2023, Focus contributed 15.07 acres to HBIII in exchange for an ownership percentage of 25%. This is recorded as an investment in joint ventures and included in other assets on the consolidated statements of financial position as of September 30, 2023. Construction of some of the buildings on the site has been completed and additional work is expected to continue during this next year.

HBIII's legal year-end is December 31, however, for comparability the presentation in the consolidated financial statements reflects the balances and activities as of September 30, 2023. Unaudited summary financial information (rounded) of HBIII is as follows for the period ended September 30, 2023:

Total Assets	\$ 12,301,000
Total Liabilities	\$ 5,919,000
Net income	\$ 15,000

During the year ended September 30, 2022, Focus entered into a joint venture agreement to become a member of Highlands at Briargate South, LLC (HBS), for the purpose of developing and constructing a luxury apartment complex. During the year ended September 30, 2022, Focus contributed 13.43 acres to HBS in exchange for an ownership percentage of 50%. This is recorded as an investment in joint ventures and included in other assets on the consolidated statements of financial position as of September 30, 2023 and 2022. Grading of the site has started and construction is expected to continue during this next year.

HBS' legal year-end is December 31, however, for comparability the presentation in the consolidated financial statements reflects the balances and activities as of September 30, 2023 and 2022. Unaudited summary financial information (rounded) of HBS consists of \$4,818,000 and \$4,701,000 in total assets at September 30, 2023 and 2022. There were no liabilities or net income at and during the years ended September 30, 2023 and 2022.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

7. OTHER ASSETS, continued:

Focus' investment in all joint ventures is being recorded on the equity method as it does not manage the ongoing operations of the ventures.

8. PROPERTY AND EQUIPMENT—NET:

Property and equipment-net consists of (in thousands):

	September 30,	
	2023	2022
Land	\$ 11,504	\$ 11,566
Land improvements	5,212	5,451
Buildings and building improvements	65,732	67,187
Furniture, equipment, and software	25,953	26,308
Website	522	522
	108,923	111,034
Accumulated depreciation and amortization	(73,146)	(73,779)
	35,777	37,255
Projects in progress	7,840	134
	\$ 43,617	\$ 37,389

9. ENDOWMENT ASSETS:

Endowment assets consist of (in thousands):

	September 30,	
	2023	2022
Mutual funds	\$ 268	\$ 419
Fixed income securities	189	-
Exchange traded funds	22	24
Money market funds	16	25
	\$ 495	\$ 468

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

10. LIQUIDITY AND FUNDS AVAILABLE:

The following table (in thousands) reflects Focus' financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, due to state required annuity reserves, trust requirements, assets being held for others, or perpetual endowment accumulated earnings net of appropriations within one year.

	September 30,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 29,781	\$ 40,927
Accounts receivable–net	860	721
Pledges receivable–net	1,588	99
Investments	11,420	10,888
Investment in joint ventures	6,633	4,722
Endowment assets	495	468
Financial assets, at year-end	50,777	57,825
Less those unavailable for general expenditure within one year, due to:		
State required annuity reserves	(3,715)	(3,804)
Investment in joint ventures	(6,633)	(4,722)
Investments held in captive insurance arrangements	(390)	(370)
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	(495)	(468)
Financial assets available to meet cash needs for general expenditures within one year	\$ 39,544	\$ 48,461

Focus has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows through board meetings and detailed financial analysis.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

11. CHARITABLE GIFT ANNUITIES:

Upon receipt of charitable gift annuities, the actuarially computed present value of future payments is recognized as a liability, and the difference between the liability and the face value of the annuity is recognized as a contribution without donor restrictions. Subsequently, annuities payable are revalued annually using the federal mortality rates and discount factors applied at inception. Assets funding charitable gift annuities are included in investments.

Change in value of charitable gift annuities consists of (in thousands):

	Year Ended September 30,	
	2023	2022
Interest and dividend income	\$ 532	\$ 448
Net realized and unrealized gains (losses)	394	(2,242)
Actuarial change in charitable gift annuity liability	(897)	(237)
Charitable gift annuity maturities	49	122
	\$ 78	\$ (1,909)

12. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following (in thousands):

	September 30,	
	2023	2022
Advocacy	\$ 7,662	\$ 11,913
Marriage	4,154	10
Endowment	495	468
Parenting	304	270
Evangelism	96	68
Pledges receivable	88	99
	\$ 12,799	\$ 12,828

13. RETIREMENT PLAN:

Focus sponsors a defined contribution retirement plan under section 403(b) of the Internal Revenue Code covering substantially all regular, full-time employees meeting certain eligibility requirements. FOF provides a matching discretionary contribution of 3% to 6% of participant compensation, depending on years of service. It is FOF's policy to fund the retirement plan costs. Total contributions for the years ended September 30, 2023 and 2022, were approximately \$1,620,000 and \$1,513,000, respectively.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2023 and 2022

14. ALLOCATION OF JOINT COSTS:

During the years ended September 30, 2023 and 2022, Focus incurred joint costs for informational materials and activities that included fundraising appeals. These programs include various newsletters, magazines, and constituent relations. Costs associated with the various programs have been allocated in the consolidated statements of activities according to their functional classification as follows (in thousands):

	Year Ended September 30,	
	2023	2022
Program services:		
Parenting	\$ 9,645	\$ 7,698
Marriage	1,427	2,846
Evangelism and discipleship	850	1,253
Advocacy	527	1,068
Citizenship	227	372
	<u>12,676</u>	<u>13,237</u>
Fundraising	<u>2,142</u>	<u>2,239</u>
	<u>\$ 14,818</u>	<u>\$ 15,476</u>

15. FUTURE LEASE INCOME:

Focus has entered into various lease agreements with unrelated third party tenants. Lease income for the years ended September 30, 2023 and 2022, was approximately \$1,001,000 and \$996,000, respectively. Future minimum lease income under these agreements in effect as of the year ended September 30, 2023, are (in thousands):

<u>Year Ending September 30,</u>	
2024	\$ 1,256
2025	830
2026	356
2027	65
2028	65
	<u>65</u>
	<u>\$ 2,572</u>

16. SUBSEQUENT EVENTS:

Subsequent events were evaluated through February 1, 2024, which is the date the consolidated financial statements were available to be issued.

Subsequent to the year ended September 30, 2023, Focus renewed the surety bond with the Michigan Department of Labor and Economic Opportunity for an amount of \$46,893. The bond is effective until December 2026. There have been no draws on the bond as of the date of this report.

PCE was closed and dissolved into FOF in December 2023.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
Focus on the Family and Affiliates
Colorado Springs, Colorado

We have audited the consolidated financial statements of Focus on the Family and Affiliates as of and for the years ended September 30, 2023 and 2022, and our report thereon dated February 1, 2024, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information 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 organizations, 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Colorado Springs, Colorado
February 1, 2024

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2023

	Focus on the Family	Affiliates	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 29,254,267	\$ 527,039	\$ -	\$ 29,781,306
Accounts receivable–net	1,105,572	-	(245,959)	859,613
Inventory	1,501,496	59,502	-	1,560,998
Pledges receivable	1,587,796	-	-	1,587,796
Prepaid expenses	5,944,832	-	-	5,944,832
Investments	11,030,169	-	-	11,030,169
	50,424,132	586,541	(245,959)	50,764,714
Film production costs–net	1,605,662	-	-	1,605,662
Long-term investments	390,328	-	-	390,328
Other assets	7,025,522	-	-	7,025,522
Investment in subsidiaries	332,409	-	(332,409)	-
Operating lease right-of-use assets	398,996	-	-	398,996
Property and equipment–net	43,617,368	-	-	43,617,368
Endowment assets	495,135	-	-	495,135
	1,605,662	-	-	1,605,662
	390,328	-	-	390,328
	7,025,522	-	-	7,025,522
	332,409	-	(332,409)	-
	398,996	-	-	398,996
	43,617,368	-	-	43,617,368
	495,135	-	-	495,135
Total Assets	\$ 104,289,552	\$ 586,541	\$ (578,368)	\$ 104,297,725
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	\$ 5,141,004	\$ 254,132	\$ (245,959)	\$ 5,149,177
Accrued expenses	3,594,759	-	-	3,594,759
Deferred revenue	5,804,667	-	-	5,804,667
Operating lease obligations	156,573	-	-	156,573
Current portion of charitable gift annuities liability	282,517	-	-	282,517
	14,979,520	254,132	(245,959)	14,987,693
Long-term liabilities	72,842	-	-	72,842
Operating lease obligations– net of current portion	242,423	-	-	242,423
Charitable gift annuities liability– net of current portion	2,880,060	-	-	2,880,060
Total Liabilities	18,174,845	254,132	(245,959)	18,183,018

(continued)

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2023

(continued)

	Focus on the Family	Affiliates	Eliminations	Total
LIABILITIES AND NET ASSETS, continued:				
Net assets:				
Without donor restrictions	73,482,404	89,464	(255,800)	73,316,068
With donor restrictions:				
Restricted by purpose and time	12,281,303	166,336	-	12,447,639
Restricted in perpetuity	351,000	-	-	351,000
Total Net Assets	86,114,707	255,800	(255,800)	86,114,707
Stockholders' equity	-	(673,391)	673,391	-
Capital investment	-	750,000	(750,000)	-
	-	76,609	(76,609)	-
Total Liabilities and Net Assets	\$ 104,289,552	\$ 586,541	\$ (578,368)	\$ 104,297,725

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2022

	Focus on the Family	Affiliates	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 40,532,815	\$ 394,384	\$ -	\$ 40,927,199
Accounts receivable–net	741,879	710	(21,497)	721,092
Inventory	1,507,599	49,581	-	1,557,180
Pledges receivable	99,124	-	-	99,124
Prepaid expenses	4,789,737	-	-	4,789,737
Investments	10,025,381	-	-	10,025,381
	<u>57,696,535</u>	<u>444,675</u>	<u>(21,497)</u>	<u>58,119,713</u>
Film production costs–net	134,980	-	-	134,980
Long-term investments	863,000	-	-	863,000
Property held for investment	1,529,897	-	-	1,529,897
Other assets	5,396,209	-	-	5,396,209
Investment in subsidiaries	415,963	-	(415,963)	-
Property and equipment–net	37,388,455	-	-	37,388,455
Endowment assets	467,916	-	-	467,916
	<u>103,892,955</u>	<u>444,675</u>	<u>(437,460)</u>	<u>103,900,170</u>
Total Assets	\$ 103,892,955	\$ 444,675	\$ (437,460)	\$ 103,900,170
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	\$ 5,658,105	\$ 28,712	\$ (21,497)	\$ 5,665,320
Accrued expenses	3,831,638	-	-	3,831,638
Deferred revenue	4,616,925	-	-	4,616,925
Current portion of charitable gift annuities liability	277,573	-	-	277,573
	<u>14,384,241</u>	<u>28,712</u>	<u>(21,497)</u>	<u>14,391,456</u>
Long-term liabilities	243,917	-	-	243,917
Charitable gift annuities liability– net of current portion	2,249,882	-	-	2,249,882
Total Liabilities	16,878,040	28,712	(21,497)	16,885,255

(continued)

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2022

(continued)

	Focus on the Family	Affiliates	Eliminations	Total
LIABILITIES AND NET ASSETS, continued:				
Net assets:				
Without donor restrictions	74,302,496	223,142	(338,564)	74,187,074
With donor restrictions:				
Restricted by purpose and time	12,361,419	115,422	-	12,476,841
Restricted in perpetuity	351,000	-	-	351,000
Total Net Assets	87,014,915	338,564	(338,564)	87,014,915
Stockholders' equity, net	-	(672,601)	672,601	-
Capital investment	-	750,000	(750,000)	-
	-	77,399	(77,399)	-
Total Liabilities and Net Assets	\$ 103,892,955	\$ 444,675	\$ (437,460)	\$ 103,900,170

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Activities

Year Ended September 30, 2023

	Focus on the Family			Affiliates			Eliminations	Grand Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
SUPPORT AND REVENUE:								
Contributions	\$ 83,341,965	\$ 26,360,688	\$ 109,702,653	\$ 50,907	\$ 209,981	\$ 260,888	\$ -	\$ 109,963,541
Sales	10,653,138	-	10,653,138	30,177	-	30,177	-	10,683,315
Royalty and licensing revenue	1,461,394	-	1,461,394	534	-	534	-	1,461,928
Investment income	2,009,625	-	2,009,625	-	-	-	-	2,009,625
Event revenue	7,942,783	-	7,942,783	-	-	-	-	7,942,783
Change in value of annuities	78,341	-	78,341	-	-	-	-	78,341
Loss of subsidiaries	(83,554)	-	(83,554)	-	-	-	83,554	-
Income from joint ventures	466,678	-	466,678	-	-	-	-	466,678
Other revenue	2,842,352	-	2,842,352	1,056	-	1,056	-	2,843,408
Total Support and Revenue	108,712,722	26,360,688	135,073,410	82,674	209,981	292,655	83,554	135,449,619
NET ASSETS RELEASED:								
Time restrictions	133,922	(133,922)	-	-	-	-	-	-
Purpose restrictions	26,306,882	(26,306,882)	-	159,067	(159,067)	-	-	-
Total Net Assets Released	26,440,804	(26,440,804)	-	159,067	(159,067)	-	-	-
EXPENSES:								
Program services:								
Marriage	31,168,358	-	31,168,358	-	-	-	-	31,168,358
Parenting	43,938,129	-	43,938,129	362,710	-	362,710	-	44,300,839
Evangelism and discipleship	20,621,629	-	20,621,629	263	-	263	-	20,621,892
Advocacy	15,853,443	-	15,853,443	181	-	181	-	15,853,624
Citizenship	2,899,471	-	2,899,471	-	-	-	-	2,899,471
	114,481,030	-	114,481,030	363,154	-	363,154	-	114,844,184
Supporting activities:								
General and administrative	8,930,136	-	8,930,136	13,055	-	13,055	-	8,943,191
Fundraising	12,562,452	-	12,562,452	-	-	-	-	12,562,452
Total Expenses	135,973,618	-	135,973,618	376,209	-	376,209	-	136,349,827
Change in Net Assets	(820,092)	(80,116)	(900,208)	(134,468)	50,914	(83,554)	83,554	(900,208)
Net Assets, Beginning of Year	74,302,496	12,712,419	87,014,915	300,541	115,422	415,963	(415,963)	87,014,915
Net Assets, End of Year	\$ 73,482,404	\$ 12,632,303	\$ 86,114,707	\$ 166,073	\$ 166,336	\$ 332,409	\$ (332,409)	\$ 86,114,707

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Activities

Year Ended September 30, 2022

	Focus on the Family			Affiliates			Eliminations	Grand Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
SUPPORT AND REVENUE:								
Contributions	\$ 75,330,950	\$ 38,211,939	\$ 113,542,889	\$ 528,975	\$ 80,000	\$ 608,975	\$ (500,000)	\$ 113,651,864
Sales	10,474,524	-	10,474,524	30,800	-	30,800	-	10,505,324
Royalty and licensing revenue	1,663,477	-	1,663,477	2,803	-	2,803	-	1,666,280
Investment income	300,747	-	300,747	-	-	-	-	300,747
Event revenue	7,363,779	-	7,363,779	-	-	-	-	7,363,779
Change in value of annuities	(1,909,077)	-	(1,909,077)	-	-	-	-	(1,909,077)
Gain of subsidiaries	243,368	-	243,368	-	-	-	(243,368)	-
Loss from joint ventures	(1,692,771)	-	(1,692,771)	-	-	-	-	(1,692,771)
Other revenue	2,646,917	-	2,646,917	1,323	-	1,323	-	2,648,240
Total Support and Revenue	94,421,914	38,211,939	132,633,853	563,901	80,000	643,901	(743,368)	132,534,386
NET ASSETS RELEASED:								
Time restrictions	146,454	(146,454)	-	-	-	-	-	-
Purpose restrictions	42,680,748	(42,680,748)	-	118,608	(118,608)	-	-	-
Total Net Assets Released	42,827,202	(42,827,202)	-	118,608	(118,608)	-	-	-
EXPENSES:								
Program services:								
Marriage	27,045,641	-	27,045,641	-	-	-	-	27,045,641
Parenting	45,564,180	-	45,564,180	393,744	-	393,744	(500,000)	45,457,924
Evangelism and discipleship	18,340,174	-	18,340,174	193	-	193	-	18,340,367
Advocacy	13,536,784	-	13,536,784	884	-	884	-	13,537,668
Citizenship	2,324,914	-	2,324,914	-	-	-	-	2,324,914
	106,811,693	-	106,811,693	394,821	-	394,821	(500,000)	106,706,514
Supporting activities:								
General and administrative	8,405,095	-	8,405,095	5,712	-	5,712	-	8,410,807
Fundraising	10,727,444	-	10,727,444	-	-	-	-	10,727,444
Total Expenses	125,944,232	-	125,944,232	400,533	-	400,533	(500,000)	125,844,765
Change in Net Assets	11,304,884	(4,615,263)	6,689,621	281,976	(38,608)	243,368	(243,368)	6,689,621
Net Assets, Beginning of Year	62,997,612	17,327,682	80,325,294	18,565	154,030	172,595	(172,595)	80,325,294
Net Assets, End of Year	\$ 74,302,496	\$ 12,712,419	\$ 87,014,915	\$ 300,541	\$ 115,422	\$ 415,963	\$ (415,963)	\$ 87,014,915