



FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2022 and 2021

FOCUS ON THE FAMILY AND AFFILIATES

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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, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *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.

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.

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

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.

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, CO
January 17, 2023

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Financial Position (in thousands)

	September 30,	
	2022	2021
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 40,927	\$ 38,088
Cash restricted for long-term purposes	-	3,000
Accounts receivable–net	721	565
Inventory	1,557	1,306
Pledges receivable–net	99	368
Prepaid expenses	4,790	4,598
Investments	10,025	12,315
	58,119	60,240
Film production costs–net	135	96
Long-term investments	863	989
Property held for investment	1,530	1,529
Other assets	5,396	1,962
Property and equipment–net	37,389	31,814
Endowment assets	468	547
	58,119	60,240
Total Assets	\$ 103,900	\$ 97,177
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 5,665	\$ 5,639
Accrued expenses	3,832	3,707
Deferred revenue	4,617	4,508
Current portion of charitable gift annuities liability	278	301
	14,392	14,155
Long-term liabilities	244	483
Charitable gift annuities liability–net of current portion	2,250	2,213
Total Liabilities	16,886	16,851
Net assets:		
Without donor restrictions	74,186	62,844
With donor restrictions:		
Restricted by purpose and time	12,477	17,141
Restricted in perpetuity	351	341
Total Net Assets	87,014	80,326
Total Liabilities and Net Assets	\$ 103,900	\$ 97,177

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Activities (in thousands)

	Year Ended September 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 75,360	\$ 38,292	\$ 113,652	\$ 76,695	\$ 32,602	\$ 109,297
Sales	10,505	-	10,505	9,884	-	9,884
Royalty and licensing revenue	1,666	-	1,666	1,925	-	1,925
Investment income	301	-	301	211	-	211
Event revenue	7,364	-	7,364	6,280	-	6,280
Change in value of annuities	(1,909)	-	(1,909)	1,713	-	1,713
Loss from joint ventures	(1,693)	-	(1,693)	(47)	-	(47)
Other revenue	2,648	-	2,648	2,009	-	2,009
Total Support and Revenue	94,242	38,292	132,534	98,670	32,602	131,272
NET ASSETS RELEASED:						
Time restrictions	146	(146)	-	219	(219)	-
Purpose restrictions	42,800	(42,800)	-	28,449	(28,449)	-
Total Net Assets Released	42,946	(42,946)	-	28,668	(28,668)	-
EXPENSES:						
Program services:						
Marriage	27,046	-	27,046	27,576	-	27,576
Parenting	45,459	-	45,459	29,237	-	29,237
Evangelism and discipleship	18,340	-	18,340	17,078	-	17,078
Advocacy	13,538	-	13,538	13,188	-	13,188
Citizenship	2,325	-	2,325	3,106	-	3,106
	106,708	-	106,708	90,185	-	90,185
Supporting activities:						
General and administrative	8,411	-	8,411	7,265	-	7,265
Fundraising	10,727	-	10,727	8,904	-	8,904
Total Expenses	125,846	-	125,846	106,354	-	106,354
Change in Net Assets	11,342	(4,654)	6,688	20,984	3,934	24,918
Net Assets, Beginning of Year	62,844	17,482	80,326	41,860	13,548	55,408
Net Assets, End of Year	\$ 74,186	\$ 12,828	\$ 87,014	\$ 62,844	\$ 17,482	\$ 80,326

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Functional Expenses (in thousands)

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

Year Ended September 30, 2021

	Program Services						Supporting Activities			Total Expenses
	Marriage	Parenting	Evangelism / Discipleship	Advocacy	Citizenship	Total	General and Administrative	Fundraising	Total	
Salaries and benefits	\$ 13,217	\$ 14,629	\$ 8,943	\$ 4,491	\$ 1,854	\$ 43,134	\$ 3,790	\$ 4,459	\$ 8,249	\$ 51,383
Broadcast and publications	8,444	10,400	4,312	5,173	767	29,096	217	1,885	2,102	31,198
Office and technology	2,163	2,618	2,185	916	305	8,187	2,213	485	2,698	10,885
Events and travel	1,464	484	398	987	85	3,418	234	1,956	2,190	5,608
Grants and benevolence	1,422	204	153	1,258	16	3,053	-	-	-	3,053
Depreciation and amortization	866	902	1,087	363	79	3,297	811	119	930	4,227
Total Expenses	\$ 27,576	\$ 29,237	\$ 17,078	\$ 13,188	\$ 3,106	\$ 90,185	\$ 7,265	\$ 8,904	\$ 16,169	\$ 106,354

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Cash Flows (in thousands)

	Year Ended September 30,	
	2022	2021
OPERATING ACTIVITIES:		
Change in net assets	\$ 6,688	\$ 24,918
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of property and equipment	4,112	4,148
Amortization of film production costs	78	79
Realized loss on sale and disposal of assets	19	321
Reinvested interest and dividends	-	(125)
Net realized and unrealized gain on investments and endowment assets	102	(86)
Change in value of annuities	1,909	(1,713)
Contributions for the endowment	(10)	-
Changes in operating assets:		
Accounts receivable	(156)	42
Inventory	(251)	(155)
Prepaid expenses	(192)	394
Pledges receivable	269	(267)
Other assets	(2,094)	(73)
Changes in operating liabilities:		
Accounts payable and long-term liabilities	(213)	1,957
Accrued expenses	125	(828)
Deferred revenue	109	94
Net Cash Provided by Operating Activities	10,495	28,706
INVESTING ACTIVITIES:		
Purchases of property and equipment	(11,072)	(6,168)
Purchases of investments	(408)	(109)
Proceeds from sales of investments	1,220	1,807
Payments for film production	(117)	(75)
Purchase of gift annuity investments	(489)	(758)
Proceeds from sales of gift annuity investments	284	284
Net Cash Used by Investing Activities	(10,582)	(5,019)

(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,	
	2022	2021
FINANCING ACTIVITIES:		
Payments on gift annuities	(284)	(284)
Proceeds from issuance of new charitable gift annuities	175	245
Contributions received for the endowment	10	-
Net Cash Used by Financing Activities	(99)	(39)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(186)	23,648
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	41,088	17,440
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 40,902	\$ 41,088
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTS OF:		
Cash and cash equivalents	\$ 40,927	\$ 38,088
Cash restricted for long-term purposes	-	3,000
Total Cash, Cash Equivalents, and Restricted Cash	\$ 40,927	\$ 41,088
SUPPLEMENTAL DISCLOSURE:		
Transfer of property and equipment to other assets	\$ 1,393	\$ -

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

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)(2) 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, 2022 and 2021.

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.

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, 2022 and 2021

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, 2022 and 2021, 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. Focus has not experienced any losses in such accounts and believe they are not exposed to any significant credit risk on cash and cash equivalents.

CASH RESTRICTED FOR LONG-TERM PURPOSES

Cash restricted for long-term purposes consists of amounts restricted by a donor for the future purchase of property and equipment.

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, 2022 and 2021

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, 2022 and 2021. 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 \$46,000 and \$49,000, as of September 30, 2022 and 2021, 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, 2022 and 2021.

PROPERTY HELD FOR INVESTMENT

Management has reclassified a total of \$1,529,897 and \$1,528,603, as of September 30, 2022 and 2021, respectively, from property and equipment to property held for investment. As of September 30, 2022 and 2021, Focus has recorded this property held for investment as a non-current asset to fund future investments in the Highlands at Briargate III, LLC. Property held for investment is held at the lower of cost or fair market value.

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, 2022 and 2021, accumulated amortization was approximately \$31,389,000 and \$31,311,000, 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.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT—NET

Property and equipment are recorded on the basis of cost, or estimated fair value if donated. Focus capitalizes most 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

LETTER OF CREDIT

During the year ended September 30, 2021, Focus maintained a letter of credit with a bank in the amount of \$314,376 for the benefit of the Colorado Department of Labor and Employment. If Focus were to fail to pay unemployment obligations, the bank could draw upon this letter of credit to pay the obligation. As of September 30, 2021, there were no outstanding balances on the letter of credit and there were no draws during the fiscal year ended September 30, 2021. The letter of credit expired July 3, 2021.

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 is effective until July 2023. There were no draws on the surety bond during the fiscal years ended September 30, 2022 and 2021.

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, 2022 and 2021.

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, 2022 and 2021, \$133,000 and \$406,000, respectively of deferred income was collected from various donors related to a conditional pledge. For 2022, if \$383,000 is collected before the end of the pledge period, other donors will match the \$383,000 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 2021, the match was met and all the revenue was recognized.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2022 and 2021, the reserve for annuities kept by Focus was approximately \$278,000 and \$301,000, 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.

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, 2022 and 2021, material costs of \$847,000 and \$876,000, were incurred, respectively, and are included in expenses in the consolidated statements of activities.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

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.

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,	
	2022	2021
Advertising	\$ 37	\$ 38
Promotion	9,681	5,647
Circulation costs	264	226
	<u>\$ 9,982</u>	<u>\$ 5,911</u>

RECENTLY ADOPTED ACCOUNTING STANDARDS

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets. Adoption of this standard had no impact on net assets as of September 30, 2022 and 2021.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

3. PLEDGES RECEIVABLE:

Pledges receivable consist of (in thousands):

	September 30,	
	2022	2021
Due in less than one year	\$ 145	\$ 417
Less allowance for uncollectible amounts	(46)	(49)
	\$ 99	\$ 368

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, 2022 and 2021, are (in thousands):

	September 30, 2022	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	\$ 6,462	\$ 6,462	\$ -
Fixed income securities	2,125	-	2,125
Certificate of deposits	989	-	989
Exchange traded funds	578	578	-
Endowments:			
Mutual funds	419	419	-
Exchange traded funds	24	24	-
	10,597	\$ 7,483	\$ 3,114
Reconciling items:			
Captive insurance arrangements	370		
Cash and money market accounts	389		
	759		
Total investments, long-term investments, and endowment assets	\$ 11,356		

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

4. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using:	
	September 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments and long-term investments:			
Mutual funds	\$ 5,713	\$ 5,713	\$ -
Fixed income securities	4,104	1,609	2,495
Certificates of deposit	2,468	-	2,468
Exchange traded funds	583	583	-
Endowments:			
Mutual funds	307	307	-
Fixed income securities	203	203	-
Exchange traded funds	22	22	-
	13,400	\$ 8,437	\$ 4,963
Reconciling items:			
Cash and money market accounts	451		
Total investments, long-term investments, and endowment assets	\$ 13,851		

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, 2022 and 2021

5. INVESTMENTS AND LONG-TERM INVESTMENTS:

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

	September 30,	
	2022	2021
National gift annuities:		
Mutual funds	\$ 6,326	\$ 5,713
Fixed income securities	2,125	3,940
Exchange traded funds	454	426
Money market accounts	345	423
	9,250	10,502
California gift annuities:		
Mutual funds	136	164
Exchange traded funds	124	157
Money market accounts	19	13
	279	334
Certificates of deposit	989	2,468
Captive insurance arrangements	370	-
	\$ 10,888	\$ 13,304

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

	Year Ended September 30,	
	2022	2021
Interest and dividends	\$ 403	\$ 125
Realized and unrealized gains (losses)	(102)	86
	\$ 301	\$ 211

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.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

6. INVESTMENTS IN CAPTIVE INSURANCE COMPANIES, continued:

Included within investments is \$370,000, which represents Focus' initial investment in the captives as of September 30, 2022. The investment balance has not been adjusted for Lucent earnings because quarterly financials have not been issued since the initial investment in September 2022. Focus paid approximately \$155,000 in premiums to the captive during the year ended September 30, 2022.

Summarized financial information of Lucent as of August 31, 2022* is as follows:

Total assets	\$	19,353,000
Total liabilities	\$	5,348,000
Comprehensive loss (net of dividends)	\$	(1,268,000)

*Amounts represent unaudited balances and activities through the year ended August 31, 2022. The amounts did not impact Focus' investment at September 30, 2022.

7. OTHER ASSETS:

Other assets consist of (in thousands):

	September 30,	
	2022	2021
Investment in joint ventures	\$ 4,722	\$ 1,138
Deferred expenses	607	574
Deferred rent asset	67	72
Other	-	178
	<u>\$ 5,396</u>	<u>\$ 1,962</u>

During the year ended September 30, 2015, Focus entered into a joint venture agreement to become a member of Highlands at Briargate I, LLC. (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, 2022 and 2021, several buildings continued to be constructed and tenants commenced operations.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

7. OTHER ASSETS, continued:

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, 2022 and 2021. Unaudited summary financial information (rounded) of HBI is as follows for the periods ended September 30, 2022 and 2021:

	September 30,	
	2022	2021
Total Assets	\$ 16,086,000	\$ 12,479,000
Total Liabilities	\$ 12,262,000	\$ 13,298,000
Net Loss	\$ (23,000)	\$ (12,000)

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, 2022 and 2021. During the years ended September 30, 2022 and 2021, the center was operating.

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, 2022 and 2021. Unaudited summary financial information (rounded) of HBII is as follows for the period ended September 30, 2022 and 2021:

	September 30,	
	2022	2021
Total Assets	\$ 1,932,000	\$ 1,938,000
Total Liabilities	\$ 45,000	\$ 147,000
Net income	\$ 118,000	\$ 115,000

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, 2022 and 2021. Grading of the site has started and construction is expected to continue during this next year.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

7. OTHER ASSETS, continued:

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, 2022. Unaudited summary financial information (rounded) of HBS consists of \$4,701,000 in total assets at September 30, 2022. There were no liabilities or net income during the year ended September 30, 2022.

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,	
	2022	2021
Land	\$ 11,566	\$ 5,785
Land improvements	5,451	5,335
Buildings and building improvements	67,188	65,448
Furniture, equipment, and software	26,308	26,455
Website	522	522
	111,035	103,545
Accumulated depreciation and amortization	(73,779)	(72,980)
	37,256	30,565
Projects in progress	134	1,249
	\$ 37,390	\$ 31,814

9. ENDOWMENT ASSETS:

Endowment assets consist of (in thousands):

	September 30,	
	2022	2021
Mutual funds	\$ 419	\$ 307
Fixed income securities	-	203
Exchange traded funds	24	22
Money market funds	25	15
	\$ 468	\$ 547

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

10. LIQUIDITY AND FUNDS AVAILABLE:

The following table (in thousands) reflects Focus' financial assets as of September 30, 2022 and 2021, 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,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 40,927	\$ 38,088
Cash restricted for long-term purposes	-	3,000
Accounts receivable–net	721	565
Pledges receivable–net	99	368
Investments	10,888	13,304
Investment in joint ventures	4,722	1,138
Endowment assets	468	547
Financial assets, at year-end	57,825	57,010
Less those unavailable for general expenditure within one year, due to:		
Cash restricted for long-term purposes	-	(3,000)
Contributions not available for general expenditure	-	(2,927)
State required annuity reserves	(3,804)	(3,931)
Investment in joint ventures	(4,722)	(1,138)
Investments held in captive insurance arrangements	(370)	-
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	(468)	(547)
Financial assets available to meet cash needs for general expenditures within one year	\$ 48,461	\$ 45,467

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, 2022 and 2021

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,	
	2022	2021
Interest and dividend income	\$ 448	\$ 142
Net realized and unrealized gains (losses)	(2,242)	1,362
Actuarial change in charitable gift annuity liability	(237)	(244)
Charitable gift annuity maturities	122	453
	<u>\$ (1,909)</u>	<u>\$ 1,713</u>

12. NET ASSETS WITH DONOR RESTRICTIONS:

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

	September 30,	
	2022	2021
Sanctity of Human Life	\$ 11,913	\$ 8,296
Marriage	10	7,339
Evangelism	68	665
Endowment	468	547
Pledges receivable	99	368
Parenting	270	267
	<u>\$ 12,828</u>	<u>\$ 17,482</u>

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, 2022 and 2021, were approximately \$1,513,000 and \$1,365,000, respectively.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

14. ALLOCATION OF JOINT COSTS:

During the years ended September 30, 2022 and 2021, 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):

	<u>Year Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Program services:		
Parenting	\$ 7,698	\$ 6,041
Evangelism and discipleship	2,846	1,911
Marriage	1,253	1,173
Advocacy	372	982
Citizenship	1,068	259
	<u>13,237</u>	<u>10,366</u>
Fundraising	<u>2,239</u>	<u>1,629</u>
	<u>\$ 15,476</u>	<u>\$ 11,995</u>

15. COMMITMENTS:

Focus has entered into various service agreements with unrelated third party vendors. Lease expenses for the years ended September 30, 2022 and 2021, were \$475,000 and \$497,000, respectively. Future minimum payments required under lease agreements and other contractual obligations as of the year ended September 30, 2022, are (in thousands):

<u>Year Ending September 30,</u>	
2023	\$ 441
2024	368
2025	163
2026	96
	<u>1,068</u>
	<u>\$ 1,068</u>

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

16. FUTURE LEASE INCOME:

Focus has entered into various lease agreements with unrelated third party tenants. Lease income for the years ended September 30, 2022 and 2021, was approximately \$996,000 and \$888,000, respectively. Future minimum lease income under these agreements in effect as of the year ended September 30, 2022, are (in thousands):

<u>Year Ending September 30,</u>	
2023	\$ 760
2024	732
2025	370
2026	<u>207</u>
	<u>\$ 2,069</u>

17. SUBSEQUENT EVENTS:

Subsequent events were evaluated through January 17, 2023, which is the date the consolidated financial statements were available to be issued.

Subsequent to September 30, 2022, Focus entered into a joint venture agreement to become a member of Highlands at Briargate III, LLC (HBIII), for the purpose of developing and constructing additional entertainment and retail spaces. Focus will be contributing 15.1 acres to HBIII in exchange for an ownership percentage of 25%. Grading of the site has started and construction is expected to continue during this next year.

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, 2022 and 2021, and our report thereon dated January 17, 2023, 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
January 17, 2023

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
	57,696,535	444,675	(21,497)	58,119,713
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
	134,980	-	-	134,980
	863,000	-	-	863,000
	1,529,897	-	-	1,529,897
	5,396,209	-	-	5,396,209
	415,963	-	(415,963)	-
	37,388,455	-	-	37,388,455
	467,916	-	-	467,916
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
	14,384,241	28,712	(21,497)	14,391,456
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	-	(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 Financial Position

September 30, 2021

	Focus on the Family	Affiliates	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 37,745,205	\$ 342,386	\$ -	\$ 38,087,591
Cash restricted for long-term purposes	3,000,000	-	-	3,000,000
Accounts receivable–net	774,488	-	(209,635)	564,853
Inventory	1,243,584	62,824	-	1,306,408
Pledges receivable	367,846	-	-	367,846
Prepaid expenses	4,599,356	-	-	4,599,356
Investments	12,314,790	-	-	12,314,790
	60,045,269	405,210	(209,635)	60,240,844
Film production costs–net	95,984	-	-	95,984
Long-term investments	989,000	-	-	989,000
Property held for investment	1,528,603	-	-	1,528,603
Other assets	1,961,970	-	-	1,961,970
Investment in subsidiaries	172,595	-	(172,595)	-
Property and equipment–net	31,814,161	-	-	31,814,161
Endowment assets	546,564	-	-	546,564
	97,154,146	405,210	(382,230)	97,177,126
Total Assets	\$ 97,154,146	\$ 405,210	\$ (382,230)	\$ 97,177,126
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	\$ 5,616,418	\$ 232,615	\$ (209,635)	\$ 5,639,398
Accrued expenses	3,706,784	-	-	3,706,784
Deferred revenue	4,507,969	-	-	4,507,969
Current portion of charitable gift annuities liability	301,247	-	-	301,247
	14,132,418	232,615	(209,635)	14,155,398
Long-term liabilities	483,048	-	-	483,048
Charitable gift annuities liability– net of current portion	2,213,386	-	-	2,213,386
Total Liabilities	16,828,852	232,615	(209,635)	16,851,832

(continued)

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2021
(continued)

	Focus on the Family	Affiliates	Eliminations	Total
LIABILITIES AND NET ASSETS, continued:				
Net assets:				
Without donor restrictions	62,997,612	(58,016)	(96,014)	62,843,582
With donor restrictions:				
Restricted by purpose and time	16,986,682	154,030	-	17,140,712
Restricted in perpetuity	341,000	-	-	341,000
Total Net Assets	80,325,294	96,014	(96,014)	80,325,294
Stockholders' equity, net	-	(673,419)	673,419	-
Capital investment	-	750,000	(750,000)	-
	-	76,581	(76,581)	-
Total Liabilities and Net Assets	\$ 97,154,146	\$ 405,210	\$ (382,230)	\$ 97,177,126

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

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Activities

Year Ended September 30, 2021

	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	\$ 76,627,560	\$ 32,502,590	\$ 109,130,150	\$ 216,930	\$ 99,519	\$ 316,449	\$ (150,000)	\$ 109,296,599
Sales	9,877,620	-	9,877,620	7,353	-	7,353	-	9,884,973
Royalty and licensing revenue	1,919,881	-	1,919,881	4,686	-	4,686	-	1,924,567
Investment income	210,869	-	210,869	201	-	201	-	211,070
Event revenue	6,279,737	-	6,279,737	-	-	-	-	6,279,737
Change in value of annuities	1,712,626	-	1,712,626	-	-	-	-	1,712,626
Gain of subsidiaries	95,470	-	95,470	-	-	-	(95,470)	-
Loss from joint ventures	(47,131)	-	(47,131)	-	-	-	-	(47,131)
Other revenue	2,007,430	-	2,007,430	235	-	235	-	2,007,665
Total Support and Revenue	98,684,062	32,502,590	131,186,652	229,405	99,519	328,924	(245,470)	131,270,106
NET ASSETS RELEASED:								
Time restrictions	219,059	(219,059)	-	-	-	-	-	-
Purpose restrictions	28,358,369	(28,358,369)	-	90,740	(90,740)	-	-	-
Total Net Assets Released	28,577,428	(28,577,428)	-	90,740	(90,740)	-	-	-
EXPENSES:								
Program services:								
Marriage	27,577,245	-	27,577,245	-	-	-	-	27,577,245
Parenting	29,162,905	-	29,162,905	224,441	-	224,441	(150,000)	29,237,346
Evangelism and discipleship	17,078,476	-	17,078,476	187	-	187	-	17,078,663
Advocacy	13,187,396	-	13,187,396	35	-	35	-	13,187,431
Citizenship	3,105,924	-	3,105,924	-	-	-	-	3,105,924
	90,111,946	-	90,111,946	224,663	-	224,663	(150,000)	90,186,609
Supporting activities:								
General and administrative	7,255,849	-	7,255,849	8,791	-	8,791	-	7,264,640
Fund-raising	8,903,666	-	8,903,666	-	-	-	-	8,903,666
Total Expenses	106,271,461	-	106,271,461	233,454	-	233,454	(150,000)	106,354,915
Change in Net Assets	20,990,029	3,925,162	24,915,191	86,691	8,779	95,470	(95,470)	24,915,191
Net Assets, Beginning of Year	42,007,583	13,402,520	55,410,103	(68,126)	145,251	77,125	(77,125)	55,410,103
Net Assets, End of Year	\$ 62,997,612	\$ 17,327,682	\$ 80,325,294	\$ 18,565	\$ 154,030	\$ 172,595	\$ (172,595)	\$ 80,325,294