Lutheran Braille Workers, Inc.

Consolidated Financial Statements and
Independent Auditor’s Report

Year Ended December 31, 2023
(With Summarized Comparative Data for 2022)

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Independent Auditor's Report

The Board of Directors
Lutheran Braille Workers, Inc.
Yucaipa, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Lutheran Braille Workers, Inc. and its Subsidiary (Lutheran Blind Mission Society) (collectively the Entity), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial present fairly, in all material respects, the financial position of the Entity as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
February 24, 2025

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position
December 31, 2023
(With Summarized Comparative Data for 2022)

	2023	2022
Assets		
Cash and cash equivalents		
Cash available for operations	$ 103,274	$ 487,726
Temporary cash investments	3,280	2,367
Total cash and cash equivalents	106,554	490,093
Contributions receivable	818,133	1,007,789
Employee advances	-	13,477
Investments	786,218	425,317
Beneficial interests in perpetual trusts	1,152,493	1,047,090
Property and equipment, net	1,578,824	1,494,296
Deposits and prepaid expenses	199,430	6,995
Total Assets	$ 4,641,652	$ 4,485,057
Liabilities		
Accounts payable	$ 81,178	$ 93,041
Accrued payroll	21,020	14,765
Other accrued liabilities	25,502	2,087
Current portion of long-term debt	146,837	103,076
Long-term debt, net of current portion	703,274	632,478
Total Liabilities	977,811	845,447
Net Assets		
Without donor restrictions	2,401,667	2,300,652
With donor restrictions	1,262,174	1,338,958
Total Net Assets	3,663,841	3,639,610
Total Liabilities and Net Assets	$ 4,641,652	$ 4,485,057

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

Consolidated Statements of Activities
For the Year Ended December 31, 2023
(With Summarized Comparative Data for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Contributions				
Individuals	$ 2,011,090	$ -	$ 2,011,090	$ 2,024,809
Foundations/grants	334,954	-	334,954	209,327
Other income (loss)	(9,730)	-	(9,730)	18,704
Released from restriction	22,685	(22,685)	-	-
Total Support and Revenue	2,358,999	(22,685)	2,336,314	2,252,840
Expenses				
Braille services	1,767,946	-	1,767,946	1,473,329
Management and general	478,188	-	478,188	592,840
Fundraising	226,006	-	226,006	181,152
Total Expenses	2,472,140	-	2,472,140	2,247,321
Change in Net Assets from Operations	(113,141)	(22,685)	(135,826)	5,519
Non-operating Revenue and Expenses				
Interest and dividend income, net of fees	18,297	-	18,297	9,522
Investment gains (losses)	50,049	97,958	148,007	(346,937)
Loss on disposal of assets/lease buyout	(6,247)	-	(6,247)	(42,343)
Total Non-operating Revenue	62,099	97,958	160,057	(379,758)
Change in Net Assets	(51,042)	75,273	24,231	(374,239)
Net Assets at Beginning of Year	2,452,709	1,186,901	3,639,610	4,013,849
Net Assets at End of Year	$ 2,401,667	$ 1,262,174	$ 3,663,841	$ 3,639,610

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Summarized Comparative Data for 2022)

	2023				
	Programs	Supporting Services			2022
	Braille Services	Management and General	Fundraising	Total Expenses	Total Expenses
Expenses					
Paper	$ 461,938	$ 1,201	$ 400	$ 463,539	$ 316,409
Publishing material and supplies	49,837	-	-	49,837	44,278
Ministry production center supplies	51,893	-	-	51,893	25,196
Production center service fees	13,508	5,360	2,573	21,441	31,919
Salaries, wages and benefits	621,699	246,706	118,419	986,824	980,160
Accounting and legal	12,978	5,150	2,472	20,600	66,416
Contract services	20,951	8,314	3,990	33,255	1,877
Supplies	23,084	9,161	4,397	36,642	30,008
Postage and shipping	58,693	23,291	11,180	93,164	48,154
Occupancy	33,387	13,249	6,359	52,995	42,895
Other taxes	18,528	7,353	3,529	29,410	15,391
Repairs and maintenance	27,372	2,989	1,435	31,796	41,561
Printing and publications	32,206	12,780	6,135	51,121	61,348
Travel and conference	102,528	40,686	19,529	162,743	130,637
Insurance	20,924	8,303	3,985	33,212	32,136
Board of Directors	13,740	5,452	2,617	21,809	35,239
Computer programming	66,847	26,527	12,732	106,106	86,616
General expense	35,811	14,211	6,821	56,843	91,168
Interest expense	-	6,970	-	6,970	33,245
Depreciation	102,022	40,485	19,433	161,940	132,668
Total Expenses	$ 1,767,946	$ 478,188	$ 226,006	$ 2,472,140	$ 2,247,321

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

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2023
(With Summarized Comparative Data for 2022)

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	$ 24,231	$ (374,239)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Adjustments to reconcile excess of support and revenue over operating expenses to net cash provided by operating activities:		
Depreciation expense	161,940	132,668
Realized/unrealized investment (gains)	(148,007)	266,682
Investment income, net	(18,297)	(60)
Loss on disposal of assets	6,247	42,343
(Increase) decrease in:		
Contributions receivable	189,656	(770,036)
Employee advances	13,477	17,745
Deposits and prepaid expenses	(192,435)	8,869
Increase (decrease) in:		
Accounts payable	(11,863)	69,536
Accrued payroll	6,255	4,380
Other accrued liabilities	23,415	(1,206)
Compensated absences	18,687	(11,774)
Net Cash (Used for) Provided by Operating Activities	73,306	(615,092)
Cash Flows from Investing Activities		
Sale of investments	-	7,703
Purchase of investments	(300,000)	-
Purchases of property and equipment	(77,638)	(80,136)
Net Cash Used for Investing Activities	(377,638)	(72,433)
Cash Flows from Capital and Related Financing Activities		
Repayments of loans payable	(79,207)	(52,910)
Net Cash Used for Capital and Related Financing Activities	(79,207)	(52,910)
Net (decrease) Increase in Cash	(383,539)	(740,435)
Cash at Beginning of Year	490,093	1,230,528
Cash at End of Year	$ 106,554	$ 490,093
NON-CASH CAPITAL FINANCING AND INVESTING ACTIVITIES		
Refinancing of loans	290,000	-
Financed capital assets and leases	502,211	33,646
Total Non-cash Capital Financing And Investing Activities	$ 792,211	$ 33,646

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

Note 1: Summary of Significant Accounting Policies

Organization and Nature of Activities

Lutheran Braille Workers, Inc. (LBW) is a not-for-profit corporation incorporated under the laws of the State of California on December 30, 1954. LBW prints and distributes Braille and large print Bible materials free of charge, to the blind and visually impaired throughout the world. LBW is substantially supported through individual contributions. Most of the printing and distribution work is performed by volunteers in the 101 production centers located in the United States.

Effective July 1, 2012 LBW affiliated with Lutheran Blind Mission Society (LBMS) whereby LBW became the sole member of LBMS, resulting in a parent-subsidiary relationship between the two corporations. LBMS is a not-for-profit corporation incorporated under the laws of the State of Missouri. LBMS, in association with certain Lutheran Church Missouri Synod Congregations, has maintained outreach centers for the blind. These centers are designed to assist blind and visually impaired people by offering such things as computer and job training, lessons on reading Braille, workshops on topics of interest, Bible studies and devotions, and a free monthly meal for attendees and their families.

Financial Statement Presentation

Financial statement presentation follows disclosures under United States Generally Accepted Accounting Principles (U.S. GAAP). The Organization has adopted the requirements of ASU 2016-14, which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets subject to donor-imposed stipulations are contributions that will be met by actions of the Organization and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction is accomplished, these assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Consolidation

The consolidated financial statements include the accounts of LBW and LBMS. All significant intercompany balances and transactions are eliminated.

Cash

For purposes of the statement of cash flows, LBW considers all highly liquid certificates of deposit purchased with an original maturity of one year or less to be cash equivalents.

Note 1: Summary of Significant Accounting Policies, (Continued)

Investments

Donated investments are recorded at fair market value at the date of donation, which approximates the current fair market value. LBW carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Fair Value of Financial Instruments

The Organization's financial instruments are cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, and accrued payroll and benefits. The recorded values of the financial instruments approximate their fair values based on their short-term nature.

Property and Equipment

Purchased property and equipment are capitalized at cost. It is LBW's policy to capitalize property over $5,000. Lesser amounts are expensed on the statement of activities. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, LBW reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. LBW reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets using the straight-line method. Donated equipment is recorded at fair market value at the date of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Contributions

LBW accounts for contributions in accordance with authoritative guidance on contributions and disclosures under U.S. GAAP. Under this guidance, contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence or nature of any restrictions imposed by the donor. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, LBW reports the support as contributions without donor restrictions.

Note 1: Summary of Significant Accounting Policies, (Continued)

Beneficial Interest in Trusts Held by Third Parties

LBW is the beneficiary of the income of fourteen perpetual endowment trusts that it does not administer. The investments of each trust are administered by a trustee who is independent of LBW, and distributions are made to LBW in accordance with the trust agreement for each trust. These trusts are invested in cash and cash equivalents, fixed income funds, mutual funds and equities. LBW records its interest in these trusts at fair market value within net assets with donor restrictions.

Income earned on these trusts paid throughout the year is classified as earnings without donor restrictions in the accompanying statement of activities. For the year ended December 31, 2023 the amount resulted in an increased change in value of $105,403. LBW had beneficial interest in fourteen trust agreements totaling $1,152,493.

Promises to Give

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax

No provision or benefit for income taxes has been included in these financial statements since LBW and LBMS are exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). LBW and LBMS have also received exemptions from the Internal Revenue Service and Franchise Tax Board relieving these corporations from filing Tax Exempt Organization tax returns.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts. Accordingly, actual results could differ from those estimates.

Note 1: Summary of Significant Accounting Policies, (Continued)

Reclassification

Certain reclassifications have been made to prior year's balances to conform to classifications used in 2023.

Subsequent Events

Management has evaluated subsequent events through February 24, 2025 the date which the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Note 2: Investments

Investments at December 31, 2023 consisted of the following:

	Market Value
Equity securities:	
LCMS Foundation	$ 188,151
Fixed income securities:	
LCMS Foundation	131,213
Total Securities	319,364
Other investments:	
Lutheran Legacy Foundation:	
Fund balances - mutual funds	143,177
Certificates of Deposit	307,265
Oil and gas investment	1,400
Cash surrender value of donated life insurance policies	15,012
Total Other Investments	466,854
Total Investments	$ 786,218

Custodial fees for the LCMS Foundation was $3,380 for the year ended December 31, 2023.

Note 2: Investments, (Continued)

Investments returns for the year ended December 31, 2023 was as follows:

Unrealized gain (loss), net of investments	$	47,922
Realized gain (loss), net of investments		2,127
Interest income on cash		1,300
Interest and dividend income on investments		19,727
Increase in cash surrender value of life insurance		650
Less: Investment fees		(3,380)
Net Return on Assets Without Donor Restrictions	$	68,346
Unrealized Gain in Net Assets with Donor Restrictions	$	97,958

Note 3: Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are:

Level 1: Represented by quoted prices that are available in an active market for identical assets or liabilities.

Level 2: Represented by generally indirect information such as quoted prices for similar assets or liabilities in active market, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Represented by inputs that are unobservable and include the reporting LBW's own assumptions about pricing.

The estimated fair values of LBW's short-term financial instruments, including receivables and payables arising in the ordinary course of operations, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

In determining the appropriate levels, LBW performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. Annually all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Note 3: Fair Value Measurements, (Continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2023:

	Level 2	Level 3	Total
Equity securities	$ 189,551	$ -	$ 189,551
Mutual Funds	143,177	-	143,177
Fixed income securities	131,213	-	131,213
Certifiates of Deposit	307,265	-	307,265
Cash surrender of life insurance	-	15,012	15,012
Beneficial interest in trusts held by third parties	-	1,152,493	1,152,493
Total Investments	$ 771,206	$ 1,167,505	$ 1,938,711

Equity and fixed income securities are classified as Level 2 instruments as they are captive mutual funds (Managed by LCMS Foundation) which do not have quoted market prices in active markets for identical assets. The value is determined using information provided by the LCMS Foundation using daily market closing values.

Cash surrender value of life insurance policies (CSV) contributed to LBW is classified as Level 3 instrument as there is no market for these policies. Cash surrender value is estimated using various insurance companies' computation of value. Total aggregate CSV is $15,012 at December 31, 2023.

Beneficial interests in trusts, aggregating $1,152,493 at December 31, 2023. These investments, held by third parties, are classified as Level 3 instruments as there is no market for LBW's trust interests.

For assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period, the Codification topic, Fair Value Measurements, requires a reconciliation of the beginning and ending balances LBW, separately for each major category of assets and liabilities, which may be presented net.

Note 4: Concentrations of Credit Risk

Financial instruments that potentially subject LBW to concentrations of credit risk consist of temporary cash investments, promises to give receivable and investment in mutual fund balances.

LBW maintains cash balances at several financial institutions located in the Yucaipa area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation, up to $250,000. During the year LBW's cash balances exceeded the insured limit from time to time. At December 31, 2023 LBW cash balances did not exceed the insured limit. LBW maintains an uninsured balance with the Lutheran Church Extension Fund in the amount of $48,846 as of December 31, 2023.

Approximately $1,140,729 representing 49% of LBW's total support was provided from estates and grants for December 31, 2023.

LBW maintains equity and fixed income security balances managed by the Lutheran Church Missouri Synod Foundation. The amount was $319,364 at December 31, 2023.

Note 5: Contributions Receivable

Contributions receivable consist of unconditional promises to give from estates and grants. Contributions receivable as of December 31, 2023, net of respective allowances, consisted of:

Estates	$ 563,675
Grants	195,000
Promises to Give	59,458
Total	$ 818,133

The total contribution receivable is expected to be collected within one year. No allowance for uncollectible promises has been provided for December 31, 2023.

Note 6: Property and Equipment

A summary of changes to property and equipment is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Assets				
Land	$ 92,240	$ -	$ -	$ 92,240
Total Non-Depreciable Assets	92,240	-	-	92,240
Depreciable Assets				
Building	1,401,939	-	-	1,401,939
Office Equipment	208,284	38,819	27,719	219,384
Leased Printer Equipment	489,952	502,211	416,724	575,439
Vehicles & Equipment	107,617	-	-	107,617
Braille Equipment	1,036,803	38,819	-	1,075,622
Total Depreciable Assets	3,244,595	579,849	444,443	3,380,001
Accumulated Depreciation				
Building	(1,043,991)	(18,099)	-	(1,062,090)
Office Equipment	(123,026)	(11,987)	(27,719)	(107,294)
Leased Printer Equipment	(92,556)	(63,380)	(83,343)	(72,593)
Vehicles & Equipment	(40,178)	(6,643)	-	(46,821)
Braille Equipment	(542,788)	(61,831)	-	(604,619)
Total Accumulated Depreciation	(1,842,539)	(161,940)	(111,062)	(1,893,417)
Property and equipment, net Accumulated Depreciation	$ 1,494,296	$ 417,909	$ 333,381	$ 1,578,824

*Some beginning balances were reclassified from one asset category to an asset category deemed more appropriate by management. Beginning net assets were not affected as a result of this change. Depreciation expense for the year ended December 31, 2023 was $161,940.

Note 7: Employee Benefit Plans

Qualified Cash or Deferred Compensation Plan

LBW maintains a 401(k) plan. Under the plan, domestic employees may elect to defer up to $22,500 of their salary, subject to Internal Revenue Service limits. In addition, the plan allows LBW to make contributions based on the participants' salaries and to contribute a matching percentage of the first three percent (3%) of the employee's annual wage.

Note 8: Long-Term Liabilities

A summary of changes to long-term liabilities is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Direct Borrowings					
Roof Improvement Ygrene	$ 179,423	$ -	$ 179,423	$ -	$ -
Insulation Improvement Ygrene	108,350	-	108,350	-	-
LCEF Mortgage Refinance	-	290,000	1,233	288,767	9,032
	287,773	290,000	289,006	288,767	9,032
Leases Payable					
Toshiba Business Solutions	55,376	502,211	58,889	498,698	104,877
Printer Xerox Financial	348,446	-	348,446	-	-
	403,822	502,211	407,335	498,698	104,877
Total Loans Payable	691,595	792,211	696,341	787,465	113,909
Other Liabilities					
Compensated absences	43,959	25,195	6,508	62,646	32,928
Total Long-Term Debt	$ 735,554	$ 817,406	$ 702,849	$ 850,111	$ 146,837

Direct Borrowings

Roof Replacement Loan Payable

On October 19, 2021, LBW entered into a 20 year finance agreement, contract number CA-517-9K34TM with Ygrene, interest rate 7.25%, principal balance of $181,578. The balance was fully paid off during the year ended December 31, 2023.

Insulation Loan Payable

On August 19, 2021, LBW entered into a 20 year finance agreement, contract number CA-517-Q3QD2X with Ygrene, interest rate 7.25%, principal balance of $109,651. The balance was fully paid off during the year ended December 31, 2023.

Note 8: Long-Term Liabilities, (Continued)

Refinance

On September 22, 2023, LBW entered into a 20-year finance agreement with the Lutheran Church Extension Fund. The interest rate is 4.875%, and the principal balance is $290,000 as of the start of the loan. Debt service payments are due monthly.

The debt-service requirements for direct borrowings as of December 31, 2023 are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	$ 9,032	$ 13,831	$ 22,863
2025	9,482	13,380	22,862
2026	9,955	12,908	22,863
2027	10,451	12,411	22,862
2028	10,972	11,890	22,862
Thereafter	238,875	94,734	333,609
Total	$ 288,767	$ 159,154	$ 447,921

Leases Payable

LBW leases certain equipment under finance type leases. The economic substance of the leases is that the Corporation is financing the acquisition of the equipment through the leases and, accordingly, the equipment is recorded as assets and the leases are recorded as liabilities.

Toshiba Printer Lease Payable

From 2021 through 2023, LBW has entered into 15; 63-month finance lease agreement, with Toshiba Financial Services with interest rates of 3%. Lease payment are due monthly.

Future minimum lease payments under the finance leases as of December 31, 2023 for each of the next five years are as follows:

Year Ending December 31,	Principal	Interest	Total Lease Payment
2024	$ 104,877	$ 13,527	$ 118,404
2025	108,067	10,337	118,404
2026	106,458	7,079	113,537
2027	98,484	4,010	102,494
2028	80,812	1,112	81,924
Total	$ 498,698	$ 36,065	$ 534,763

Note 8: Long-Term Liabilities, (Continued)

Other Long-Term Liabilities

Compensated Absences

Compensated absences are comprised of unused vacation accruals employees accumulate each bi-weekly pay period. LBW's liability for compensated absences is determined annually. Current portions are determined based on 80 hours of usage with the balance recorded as long-term.

Note 9: Donated Services

Donated Services is made up of three categories Volunteer Professional Services, USPS Free Matter Shipping, and Donated Ministry Production Centers Occupancy. LBW depends on volunteers to continue the mission of the organization. Volunteers are required to undergo training in operating equipment before volunteering for LBW. Management has determined the volunteer labor meets the requirements for report it as in-kind donations. LBW has approximately 3,200 volunteers that have donated significant amounts of their time to LBW's program services, equipment, and facilities with an estimated fair value of $25.43 per hour. USPS Free Matter Shipping is for the Blind or Other Physically Handicapped Persons (Free Matter) is a legally mandated program that allows eligible participants to receive and send mail for free. Mail that qualifies as Free Matter includes large-type (14-point or larger) documents, braille, audio recordings, and talking book players. Donated Occupancy by Ministry Production Centers represents the facility and utility usage to perform the production, assembling and shipping of LBW material. Although no amounts have been reflected in the financial statement, management estimates the fair value of those services, equipment, and facilities to be approximately $35,611,603 for the year ended December 31, 2023.

In-kind Donation Type	Amount
Volunteer Professional Service	$ 28,835,604
USPS Free Matter Shipping	4,120,999
Ministry Center Donated Occupancy	2,655,000
Total	$ 35,611,603

Note 10: Net Assets with Donor Restrictions

LBW follows the Codification on Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds. The Codification addresses accounting issues related to guidelines in the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the National Conferences of Commissioners on Uniform State Laws in July 2006 and adopted by California effective January 1, 2010. LBW includes all quasi-endowment funds with donor restrictions in its endowments. The management of LBW has interpreted UPMIFA as requiring the preservation of the fair value of original donor-restricted endowment gifts as of the date of the gift absent explicit donor stipulations to the contrary. As a result of this interpretation, LBW classifies as net assets with donor restrictions (a) the original value of cash gifts donated to permanent endowment; (b) the discounted value of future gifts promised to permanent endowment, net of allowance for uncollectible pledges; and (c) the fair value of non-cash gifts received, whereby, the proceeds of any future sale are donor-restricted to permanent endowment.

The remaining portion of donor-restricted endowment funds include net assets subject to temporary restrictions and are included in net assets with donor restrictions until those amounts are appropriated for expenditure by LBW in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, LBW considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The purpose of LBW and donor-restricted endowment fund
- The duration and preservation of the fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other available financial resources
- Investment policies

LBW invests all endowment funds in pooled funds managed by either LCMS Foundation, Texas Foundation or Thrivent Investment Bank according to the objectives and guidelines of LBW's Investment Policy. The Investment Committee is specifically charged with conducting regular reviews of the performance and mix of the investments that make up the fund portfolio.

Net assets include donor restricted funds, which are only available for program activities, or general support designated for future years. Net assets were released from restrictions during the year ended December 31, 2023, as shown on the consolidated statement of activities, due to the purpose of the restriction being accomplished or the time of restriction elapsing.

Note 10: Net Assets with Donor Restrictions, (Continued)

Net assets with donor restrictions classifications at December 31, 2023 was as follows:

Net Assets With Donor Restrictions	
Purpose Restrictions:	
Work Centers	$ 6,234
Board of Directors' project	1,120
Literature	19,634
Total Purpose Restrictions	26,988
Permanent Restrictions:	
Endowments	1,235,186
Total Permanent Restrictions	1,235,186
Total Net Assets with Donor Restrictions	$ 1,262,174

Endowment fund activity for the year ended December 31, 2023 consists of the following:

	Board Designated	Donor Restricted	Total
Endowment net assets, beginning of year	$ 190,568	$ 1,281,839	$ 1,472,407
Reclassification of restriction	-	(152,057)	(152,057)
Investment gain (loss)	15,240	-	15,240
Distribution of gains	(6,707)	-	(6,707)
Additions	6,707	7,446	14,153
Change in interest in trusts	46,304	97,958	144,262
Investment fees	(7,909)	-	(7,909)
Endowment Net Assets, End of Year	$ 244,203	$ 1,235,186	$ 1,479,389

Note 11: Liquidity and Availability of Resources

LBW had $924,687 of financial assets available within one year of the statement of financial position date for general expenditure consisting of the following:

Cash and cash equivalents	$	106,554
Accounts receivable		818,133
Employee advances		-
Total	$	924,687

None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The accounts receivable and due from related parties are subject to time restrictions but are expected to be collected within one year. LBW has a policy to structure their financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, LBW invest cash in excess of daily requirements in various investments, which it could draw upon in the event of an unanticipated liquidity need.