Financial Statements

As of and for the year ended December 31, 2024

Lutheran Braille Workers, Inc.

Yucaipa, California

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Lutheran Braille Workers, Inc.

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Independent Auditors' Report

To the Board of Trustees
Lutheran Braille Workers, Inc.
Yucaipa, California

Qualified Opinion

We have audited the accompanying financial statements of Lutheran Braille Workers, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material aspects, the financial position of Lutheran Braille Workers, Inc. as of December 31, 2024, 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 Qualified Opinion

We were not able to obtain sufficient appropriate audit evidence about the recorded value of ending inventory on hand as of December 31, 2024 because we were not aware until after December 31, 2024 that Lutheran Braille Workers, Inc. had inventory on hand. We were unable to obtain sufficient appropriate audit evidence of this account balance by other auditing procedures.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of Lutheran Braille Workers, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 Lutheran Braille Workers, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lutheran Braille Workers, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lutheran Braille Workers, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Altruic Advisors, CPAs

Certified Public Accountants

Centennial, Colorado
October 30, 2025

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Lutheran Braille Workers, Inc.

Statement of Financial Position

December 31, 2024

ASSETS	
Current Assets	
Cash and cash equivalents	$ 148,156
Grants and pledges receivable	97,467
Investments	337,108
Inventory	72,746
Prepaid expenses	9,073
Total current assets	664,550
Property and Equipment, net	1,155,530
Other Assets	
Grants and pledges receivable, net of current	56,112
Right-of-use assets, net	427,744
Beneficial interest in assets held by foundation	106,161
Beneficial interest in trusteed assets	1,482,599
Total other assets	2,072,616
Total assets	$ 3,892,696
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	$ 61,111
Accrued compensation and benefits	48,943
Notes payable, current	5,627
Lease incentive liability, current	22,584
Operating leases, current	91,946
Total current liabilities	230,211
Long-Term Liabilities	
Notes payable, net of current portion, net of unamortized discount	184,220
Lease incentive liability, net of current	65,869
Operating leases, net of current portion	247,346
Total long-term liabilities	497,435
Total liabilities	727,646
Net Assets	
Net assets without donor restrictions	
Undesignated	1,296,067
Board-designated - endowment	106,161
Board-designated - directors project	970
Total without donor restrictions	1,403,198
With donor restrictions	1,761,852
Total net assets	3,165,050
Total liabilities and net assets	$ 3,892,696

The accompanying Notes are an integral part of these financial statements

Lutheran Braille Workers, Inc.

Statement of Activities

Year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support			
In-kind contributions	$ 6,984,130	$ -	$ 6,984,130
Grants and contributions	953,221	400,352	1,353,573
Net assets released from restrictions			
Expiration of time restrictions	859,765	(859,765)	-
Satisfaction of purpose restrictions	91,302	(91,302)	-
Total operating support	8,888,418	(550,715)	8,337,703
Operating Expenses			
Program services	7,669,319	-	7,669,319
Supporting services			
General and administrative	1,143,111	-	1,143,111
Fundraising	539,559	-	539,559
Total operating expenses	9,351,989	-	9,351,989
Total operating support in deficit of operating expenses	(463,571)	(550,715)	(1,014,286)
Other Changes			
Net unrealized gains on investments	28,415	-	28,415
Change in value of trusteed assets	163,733	-	163,733
Other income	31,813	-	31,813
Total other changes	223,961	-	223,961
Change in Net Assets	(239,610)	(550,715)	(790,325)
Net Assets, Beginning of Year, As Previously Stated	2,401,667	1,262,174	3,663,841
Prior Period Adjustment	(758,859)	1,050,393	291,534
Net Assets, Beginning of Year, As Restated	1,642,808	2,312,567	3,955,375
Net Assets, End of Year	$ 1,403,198	$ 1,761,852	$ 3,165,050

Lutheran Braille Workers, Inc.

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services	Supporting Services General and Administrative	Supporting Services Fundraising	Total
Salaries and wages	$ 584,379	$ 166,966	$ 83,483	$ 834,828
Payroll taxes	53,520	15,291	7,645	76,456
Employee benefits	42,030	12,009	6,004	60,043
Total personnel costs	679,929	194,266	97,132	971,327
Printing, publications, and postage	3,960,345	220,019	220,019	4,400,383
Occupancy	2,033,873	542,366	135,592	2,711,831
Publications donated - individuals	378,457	-	-	378,457
Equipment lease	117,363	6,520	6,520	130,403
Travel	109,540	12,887	6,444	128,871
Information technology	99,318	11,684	5,842	116,844
Depreciation	93,382	10,986	5,493	109,861
Other consulting fees	54,474	32,685	21,790	108,949
Repairs and maintenance	38,423	11,823	8,867	59,113
Office expenses	30,924	1,718	1,718	34,360
Insurance	-	34,063	-	34,063
Taxes	24,524	6,540	1,635	32,699
Dues and fees	-	14,012	14,012	28,024
Freight and shipping	27,726	-	-	27,726
Accounting fees	-	26,500	-	26,500
Interest expense	14,894	3,972	993	19,859
Bank and service charges	-	7,355	7,355	14,710
Advertising and promotions	6,147	-	6,147	12,294
Conferences and meetings	-	5,547	-	5,547
Legal fees	-	168	-	168
Total expenses	$ 7,669,319	$ 1,143,111	$ 539,559	$ 9,351,989

The accompanying Notes are an integral part of these financial statements

Lutheran Braille Workers, Inc.

Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Year ended December 31, 2024	
Cash Flows From Operating Activities	
Change in net assets	**$ (790,325)**
Adjustments to reconcile change in net assets to net cash used by operating activities	
Net unrealized gains on investments	**(28,415)**
Depreciation	**109,861**
Amortization of right-of-use assets	**106,497**
Change in the value of trusteed assets	**(163,733)**
Change in the value of assets held by foundation	**(7,222)**
Amortization of note payable discount	**3,804**
Amortization of lease incentive liability	**(22,584)**
Lease amortization	**(83,904)**
Increase (decrease) from changes in assets and liabilities	
Grants and pledges receivable	**664,578**
Inventory	**2**
Prepaid expenses	**(9,073)**
Accounts payable	**(46,010)**
Accrued compensation and benefits	**(34,723)**
Net cash used by operating activities	**(301,247)**
Cash Flows From Investing Activities	
Net sales of investments	**381,967**
Purchases of equipment	**(26,715)**
Net cash provided by investing activities	**355,252**
Cash Flows From Financing Activities	
Repayments on notes payable	**(9,074)**
Net cash used by financing activities	**(9,074)**
Net Increase in Cash and Cash Equivalents	**44,931**
Cash and Cash Equivalents, Beginning of Year	**103,225**
Cash and Cash Equivalents, End of Year	**$ 148,156**
Noncash investing and financing activities	
Addition of right-of-use asset - operating	**$ 35,534**
Addition of lease liability - operating	**$ 35,534**
Supplemental Information	
Cash paid for interest	**$ 13,794**

The accompanying Notes are an integral part of these financial statements

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Operations. Lutheran Braille Workers, Inc. ("the Organization"), is a not-for-profit California corporation located in Yucaipa, California. The Organization prints and distributes Braille and large print Bible materials free of charge to the blind and visually impaired throughout the world. The Organization is substantially supported through individual contributions. Most of the printing and distribution work is performed by volunteers in the 100 production centers located in the United States.

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

Basis of Accounting. The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents. Cash consists of checking and savings accounts held at a financial institution. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

Investments. The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians. See *Fair Value Measurements.*

Unrealized gains and losses, if any, are calculated since the most recent financial statement reporting date. In the year that an investment is sold, unrealized gains and losses are calculated from the most recent financial statement reporting date through the date of sale. Therefore, realized gains and losses are generally not reported. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements. The Organization reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The 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 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements (continued).

Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Debt and Equity Securities and Mutual Funds. The Organization values securities with readily determinable market values at fair value as determined by quoted market prices on national security exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

Beneficial Interest in Trusteed Assets. The Organization is named the beneficiary of multiple trusts. Contribution revenue and the related assets are recognized using the present value of the assets expected to be received. Subsequent changes to the fair value of the assets are recognized as changes in the value of split-interest agreements in the accompanying statement of activities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2024.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements (continued).

Following is a description of the valuation methodology used for assets measured at net asset value on a recurring basis:

Beneficial Interest in Assets Held by Foundation. The Organization values the beneficial interests in assets held by foundation at the net asset value ("NAV") of units held by the Organization at year end. The NAV, as provided by the Lutheran Legacy Foundation, the Lutheran Foundation of Texas, and the LCMS Foundation (collectively, "the Foundations") is used as practical expedient to estimated fair value. The NAV is based on the fair value of the underlying investments held by the Foundations less its liabilities. This practical expedient is not used when it is determined to be probable that the Foundations will sell the investment for an amount different than reported NAV.

In general, investments are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

Grants and Pledges Receivable. Grants and pledges receivable are recognized only when the conditions on which they depend are substantially met and the grants become unconditional. Grants and pledges receivable are stated net of allowances for uncollectible accounts. Management provides for probable uncollectible accounts through a provision for bad debt expenses and an adjustment to the allowance account based on its assessment of the current status of individual grants and pledges. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to the receivable. Management believes that all grants and pledges receivable are fully collectible at December 31, 2024.

Inventory. Inventory items are stated at the lower of cost, determined by the first-in, first-out ("FIFO") method, or net realizable value.

Property and Equipment. It is the Organization's policy to capitalize property and equipment at cost over $5,000 while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of the gift. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets which are currently calculated at five to twenty years for equipment, ten to thirty years for buildings and improvements, and ten to twenty years for vehicles. Depreciation expense totaled $109,861 for the year ended December 31, 2024.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the year ended December 31, 2024.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Right-of-use Assets and Leases. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, current portion of lease obligations, and long-term lease obligations on the Organization's statements of financial position. ROU lease assets represent the Organization's right to use an underlying asset for the lease term, and lease obligations represent the Organization's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization does not recognize the right-of-use asset and lease liability arising from leases that, at the commencement date, have a lease term of 12 months or less, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. As most of the Organization's leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Split-Interest Agreements and Beneficial Interest in Trusteed Assets. Split-interest agreements are agreements between the Organization and donors in which the donors make gifts to the Organization, but the Organization is not the sole beneficiary. The Organization receives either a lead interest (distributions during the term of the agreement with any remaining assets going to an individual or individuals designated by the donor) or a remainder interest (distribution of assets remaining at the end of the agreement going to an individual or individuals designated by the donor during the term of the agreement). As of December 31, 2024, the Organization holds beneficial interests in trusteed assets supported by split-interest agreements.

Basis of Net Asset Presentation. The Organization reports 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 Without Donor Restrictions.* Net assets resulting from revenues generated by receiving contributions that have no donor stipulations, membership dues, conference fees, accreditation and other services, interest, and other income, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.
>
> *Net Assets With Donor Restrictions.* Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated net assets, until the donor restriction expires, that is, until the stipulation time restriction ends or the purpose restriction is accomplished.

Grants and Contributions. Grants and contributions are recognized when amounts are received. Donor-restricted amounts are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants and contributions that are restricted by the grantor or donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the amounts are recognized.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Contributed Services. The Organization records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills that are provided by persons possessing those skills and would typically need to be purchased if not provided by donation. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 30, 2025, the date at which the financial statements were available for release.

Note 2 – Prior Period Adjustment

The Organization has recorded a prior period adjustment to correct errors related to the recording of inventory and loans payable as determined by management after the release of the December 31, 2023 financial statements. The accompanying financial statements have been restated to increase total net assets by $291,534 as of January 1, 2024.

Note 3 – Fair Value Measurements

The following table summarizes the Organization's fair value of assets measured on a recurring basis, by fair value hierarchy, as of December 31, 2024:

	Total	Level 1	Level 2	Level 3
Equity and mutual funds	$ 208,297	$ 208,297	$ -	$ -
Fixed income funds	125,756	125,756	-	-
Cash and cash equivalents	3,055	3,055	-	-
Total assets at fair value	$ 337,108	$ 337,108	$ -	$ -
Investments measured at NAV:				
Beneficial interest in assets held by Foundation (see Note 1)	1,588,760			
Total assets	$ 1,925,868			

Note 3 – Fair Value Measurements (continued)

The following sets forth a summary of the Organization's beneficial interest in assets held by Foundation reported at NAV at December 31, 2024:

Net Asset Value	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
$ 1,588,760	N/A	Immediate	Redemptions will only be made upon written request of the organization	None

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2024, there were no significant transfers in or out of fair value levels.

Net investment earnings consisted of the following for the year ended December 31, 2024:

Net unrealized gain on investments	**$ 28,415**
Change in value of trusteed assets	**163,733**
	$ 192,148

The Organization has been designated as a remainder beneficiary in multiple charitable trusts held by banks. The beneficial interests in trusteed assets are included above in total investments.

Note 4 – Grants and Pledges Receivable

Grants and pledges receivable are expected to be collected as follows at December 31, 2024:

Due within one year	**$ 97,467**
Due within one to five years	**56,112**
	$ 153,579

Note 5 – Board-Designated Net Assets - Directors Project

As of December 31, 2024, the Organization's board of directors designated net assets of $970 for a future project.

Note 6 – Endowment

The Organization's endowment consists of both donor-restricted and board-designated funds established to support the long-term financial stability of its mission and programs. The board of directors has interpreted the state-enacted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary.

As a result of this interpretation, management classifies as net assets restricted in perpetuity (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment, (c) and accumulations to the endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. Management considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Investment and Spending Policy. The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to achieve a return of 5 percent, net of inflation and investment expenses. The secondary investment objective is to earn a total return, net of expenses, at least equal to the portfolio's composite benchmark, as defined in its investment policy statement. Actual returns in any given year may vary from this amount.

The Organization follows the policy for appropriating distributions from the funds which it holds and controls established in the endowment fund documents. The Organization monitors investment returns and annually determines appropriate distributions for operation. The Organization considered the long-term expected return on its endowment in its distribution decision. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to continue to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through investment return.

Note 6 – Endowment (continued)

As of December 31, 2024, the endowment was comprised of the following:

	Net Assets with Donor Restrictions
Endowment net assets, January 1, 2024	**$ 149,649**
Interest and dividends	**2,049**
Net unrealized gains	**5,173**
Grants	**(50,000)**
Investment and administrative fees	**(710)**
	(43,488)
Endowment net assets, December 31, 2024	**$ 106,161**

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States (U.S. GAAP), deficiencies of this nature are reported in net assets with donor restrictions. The current deficiency has resulted from a one-time hardship disbursement award that was authorized for disbursement by the board of directors.

At December 31, 2024, the amount by which fund was underwater is calculated as follows:

Aggregate fair value	**$ 106,161**
Aggregate original gift amount	**120,000**
Aggregate deficiency	**$ (13,839)**

Note 7 – Property and Equipment

Property and equipment consisted of the following at December 31, 2024:

Equipment	**$ 1,519,352**
Buildings	**1,401,939**
Vehicles	**113,567**
Land	**92,240**
	3,127,098
Less accumulated depreciation	**(1,971,568)**
Net property and equipment	**$ 1,155,530**

Depreciation expense totaled $109,861 for the year ended December 31, 2024.

Note 8 – Right-of-Use Assets

Right-of-use assets consisted of the following at December 31, 2024:

Right-of-use assets under operating lease (see Note 13)	$	**580,869**
Less accumulated amortization		**(153,125)**
Net right-of-use assets	$	**427,744**

Annual amortization for the year ended December 31, 2024 was $111,673.

Note 9 – Notes Payable

	December 31, 2024
Mortgage payable to Lutheran Church Extension Fund, interest at 4.875% through June 2043, monthly principal and interest payments of $1,905 through November 2026, collateralized by the building and land.	**$ 279,694**
Less current portion	**(5,627)**
Less unamortized discount - imputed interest	**(89,847)**
	$ 184,220

Scheduled maturities of the long-term notes payable are as follows at December 31, 2024:

Year ended Dec 31	Note Payable	Amortization of Discount	Total
2025	$ 9,521	$ (3,894)	$ 5,627
2026	9,996	(3,985)	6,011
2027	10,494	(4,078)	6,416
2028	11,107	(4,173)	6,934
2029	11,566	(4,271)	7,295
Thereafter	227,010	(69,446)	157,564
	$ 279,694	$ (89,847)	$ 189,847

Note 10 – Line of Credit

In September 2023, the Organization applied and was approved for an unsecured line of credit from the Lutheran Church Extension Fund of $200,000 with interest due at 4.875%. Monthly interest-only payments are required until the line matures at September 30, 2026. There were no borrowings against this line of credit as of December 31, 2024.

Note 11 – Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the year ended December 31, 2024:

	January 1 Balance, As Restated	Additions	Releases	December 31 Balance
Timing Restrictions:	**$ 818,133**	**$ 124,757**	**$ 784,712**	**$ 158,178**
Endowment fund- restricted in perpetuity	**149,649**	**7,222**	**50,710**	**106,161**
Trusteed assets - beneficial interest restricted in perpetuity	**1,111,745**	**75,844**	**-**	**1,187,589**
Trusteed assets - beneficial interest time restricted	**207,172**	**112,128**	**24,343**	**294,957**
Purpose Restrictions:				
Work Centers	**6,234**	**-**	**6,234**	**-**
Development	**-**	**6,234**	**-**	**6,234**
Literature	**19,634**	**74,167**	**85,068**	**8,733**
Total	**$ 2,312,567**	**$ 400,352**	**$ 951,067**	**$ 1,761,852**

Note 12 – In-Kind Contributions

The Organization received the following in-kind contributions during the year ended December 31, 2024:

		Usage
Donated shipping	**$ 4,329,130**	Programming
Donated facilities use	**2,655,000**	Programming
	$ 6,984,130	

The Organization received donated shipping that was valued using estimated average US prices of identical or similar products using pricing data of similar products under a 'like-kind' methodology, considering the utility of the donated items at the time of the contribution. The Organization received donated facilities use that was valued using "like-kind" methodology for space per square foot for properties in the Yucaipa, California area. The Organization does not sell any in-kind contributions. No in-kind contributions were restricted.

During the year, the Organization benefited from significant volunteer support, with approximately 3,500 individuals providing services valued at an estimated $30,368,062, based on prevailing market rates for similar services. While these services were critical to advancing the Organization’s mission, they do not meet the criteria for recognition in the financial statements under U.S. generally accepted accounting principles and, accordingly, are not reflected in the accompanying financial statements.

Note 13 – Lease Commitments

Operating lease obligations, including the lease incentive liability, consisted of the following at December 31, 2024:

Operating lease agreement for Toshiba printer; monthly payment of $159; 63-month lease term expiring April 2027	$	**4,295**
Operating lease agreement for Toshiba printer; monthly payment of $144; 63-month lease term expiring July 2027		**4,157**
Operating lease agreement for Toshiba printer; monthly payment of $137; 63-month lease term expiring August 2027		**4,208**
Operating lease agreement for Toshiba printer; monthly payment of $137; 63-month lease term expiring March 2028		**4,960**
Operating lease agreement for Toshiba printer; monthly payment of $137; 63-month lease term expiring May 2026		**2,146**
Operating lease agreement for Toshiba printer; monthly payment of $137; 63-month lease term expiring February 2027		**3,445**
Operating lease agreement for Toshiba printer; monthly payment of $137; 63-month lease term expiring November 2026		**3,059**
Operating lease agreement for Toshiba printer; monthly payment of $137; 63-month lease term expiring April 2026		**2,146**
Operating lease agreement for Toshiba printer; monthly payment of $137; 63-month lease term expiring May 2026		**2,280**
Operating lease agreement for Toshiba printer; monthly payment of $144; 63-month lease term expiring August 2026		**2,806**
Operating lease agreement for Toshiba printer; monthly payment of $159; 63-month lease term expiring October 2026		**3,399**
Operating lease agreement for Toshiba printer; monthly payment of $155; 63-month lease term expiring October 2028		**6,727**
Operating lease agreement for Toshiba printer; monthly payment of $155; 63-month lease term expiring October 2028		**6,727**
Amount carried to next page	**$**	**50,355**

Note 13 – Lease Commitments (continued)

Amount carried from previous page	**$**	**50,355**
Operating lease agreement for Toshiba printers and lease incentive; monthly payment of $7,855; 63-month lease term expiring November 2028		**340,926**
Operating lease agreement for Toshiba printer; monthly payment of $137; 63-month lease term expiring July 2026		**2,539**
Operating lease agreement for Toshiba printer; monthly payment of $35; 63-month lease term expiring November 2029		**1,358**
Operating lease agreement for Toshiba printer; monthly payment of $155; 63-month lease term expiring June 2029		**8,493**
Operating lease agreement for Toshiba printer; monthly payment of $197; 63-month lease term expiring February 2030		**11,133**
Operating lease agreement for Toshiba printer; monthly payment of $229; 63-month lease term expiring February 2030		**12,941**
Total, net of unamortized present value discount		**427,745**
Less current portion		**(114,530)**
Operating lease obligations, net of current portion, net of unamortized present value discount	**$**	**313,215**
Weighted average discount rate at December 31		**3.00%**
Weighted average remaining lease term in years at December 31		**2.94**

Total lease expense for the year ended December 31, 2024 was $120,226.

Future annual minimum lease payments required under operating leases are as follows at December 31, 2024:

Year ended December 31	Lease obligations	Present value discount	Net of unamortized discount
2025	$ 125,796	$ (11,266)	$ 114,530
2026	120,929	(7,812)	113,117
2027	109,886	(4,541)	105,345
2028	89,071	(1,441)	87,630
2029	6,817	(120)	6,697
Thereafter	427	(1)	426
	$ 452,926	$ (25,181)	$ 427,745

Note 13 – Lease Commitments (continued)

Lease Incentive Liability. The Organization received a $118,565 lease incentive upon inception of a group of printer leases included in the table above. The lease incentive was in the form of a cash payment to terminate an existing lease contract. The Organization agrees to lease the aforementioned printers for a minimum of 63 months, during which time the liability is amortized using the straight-line method. The lease incentive liability was $88,453 at December 31, 2024. Amortization of the lease incentive was $22,584 for the year ended December 31, 2024.

Note 14 – Retirement Plan

The Organization sponsors a 401(k) plan ("the Plan") for eligible employees. Under the Plan, participants may contribute a portion of their eligible compensation on a pre-tax or Roth after-tax basis, subject to annual limits established by the Internal Revenue Service. The Company provides a matching contribution equal to 100% of employee contributions up to 3% of each participant's annual eligible compensation. Employer contributions are made on a per-pay-period basis and are immediately vested for participants. Employer contributions to the Plan totaled $13,428 for the year ended December 31, 2024.

Note 15 – Liquidity and Availability of Resources

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. In addition to its financial assets available for general expenditure within one year of the date of the statement of financial position, the Organization has a committed line of credit in the amount of $200,000, which it could draw upon in the event of an unanticipated liquidity need. At December 31, 2024, $200,000 is available for use, (see Note 10). The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these principles, the Organization forecasts its future cash flows and monitors its liquidity monthly, and monitors its reserves annually. During the year ended December 31, 2024, the level of liquidity and reserves was managed within these guiding

Financial assets at December 31, 2024:	
Cash and cash equivalents	**$ 148,156**
Grants and pledges receivable	**153,579**
Investments	**337,108**
Beneficial interest in assets held by foundation	**106,161**
Beneficial interest in trusteed assets	**1,482,599**
	2,227,603
Less amounts not available to be used within one year:	
Investments restricted for long-term purposes	**(1,588,760)**
Grants for long-term purposes	**(56,112)**
Financial assets available to meet cash needs for general expenditures within one year	**$ 582,731**

Note 15 – Liquidity and Availability of Resources (continued)

Substantially all of the Organization's short-term net asset restrictions are generally released within the next fiscal year with the exception of investments restricted for long-term purposes. The Organization anticipates that these short-term net asset restrictions as of December 31, 2024 will be fully released during the next fiscal year.

Note 16 – Concentrations

Bank Deposits. The Organization maintained cash balances in excess of federally insured limits at certain times during the year ended December 31, 2024.