FREEDOM IN CHRIST MINISTRIES

Financial Statements

December 31, 2024 and 2023

FREEDOM IN CHRIST MINISTRIES

Financial Statements

December 31, 2024 and 2023

Table of Contents

RODEFER MOSS

Independent Auditors' Report

To the Board of Directors
Freedom in Christ Ministries
Knoxville, Tennessee

Opinion

We have audited the accompanying financial statements of Freedom in Christ Ministries (the "Ministry") (a Tennessee nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ministry as of December 31, 2024 and 2023, 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 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 of our report. We are required to be independent of the Ministry 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 Ministry'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 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 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 the Ministry'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 Ministry'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.

Rodefer Moss & Co, PLLC

Knoxville, Tennessee
April 3, 2025

FREEDOM IN CHRIST MINISTRIES
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 968,356	$ 932,559
Inventory	49,780	40,653
Accounts receivable	77	871
Prepaid expenses	27,894	9,909
Total current assets	1,046,107	983,992
Property and equipment, net	2,528	6,096
Right-of-Use lease assets, net	26,418	61,663
Total assets	$ 1,075,053	$ 1,051,751
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 43,637	$ 23,847
Accrued expenses and other liabilities	128,827	129,078
Lease liabilities, due within one year	27,258	35,952
Total current liabilities	199,722	188,877
Lease liabilities, due after one year	-	26,961
Total liabilities	199,722	215,838
Net Assets		
With donor restrictions	554,826	513,018
Without donor restrictions	320,505	322,895
Total net assets	875,331	835,913
Total liabilities and net assets	$ 1,075,053	$ 1,051,751

See notes to financial statements.

FREEDOM IN CHRIST MINISTRIES

Statements of Activities and Changes in Net Assets

Years Ended December 31, 2024 and 2023

	2024	2023
Changes in Net Assets without Donor Restrictions		
Support and Revenues		
Sales of books and tapes, net of cost of materials of $234,189 and $259,349	$ 15,595	$ 32,758
Contributions	311,246	233,283
Church transformation fees	95,932	92,350
Field staff administration	138,323	137,172
Royalty	24,152	20,586
Other	5,103	16,214
Total support and revenue without donor restrictions	590,351	532,363
Net assets released from donor restrictions		
Restrictions satisfied by payments	1,378,073	1,540,137
Total support and revenue	1,968,424	2,072,500
Expenses		
Field ministry	1,400,293	1,554,039
Other compensation and benefits	330,352	321,413
General and administrative	130,890	146,458
Church transformation	65,435	49,676
Community freedom ministry	21,878	19,810
Development	15,271	63,590
Depreciation	3,568	5,920
Conference and event	3,127	8,088
Total expenses	1,970,814	2,168,994
Decrease in net assets without donor restrictions	(2,390)	(96,494)
Changes in Net Assets with Donor Restrictions		
Field ministry support and events	1,419,881	1,443,611
Net assets released from restrictions	(1,378,073)	(1,540,137)
Increase (decrease) in net assets with donor restrictions	41,808	(96,526)
Change in net assets	39,418	(193,020)
Net assets at the beginning of the year	835,913	1,028,933
Net assets at the end of the year	$ 875,331	$ 835,913

FREEDOM IN CHRIST MINISTRIES

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ 39,418	$ (193,020)
Adjustments to reconcile change in net assets to cash flows from operating activities		
Depreciation	3,568	5,920
Non cash lease expense	(410)	510
(Increase) decrease in assets		
Inventory	(9,127)	1,196
Accounts receivable	794	(753)
Prepaid expenses	(17,985)	(5,391)
Increase (decrease) in liabilities		
Accounts payable	19,790	(18,309)
Accrued expenses and other liabilities	(251)	8,729
Net cash flows from operating activities	35,797	(201,118)
Cash Flows From Investing Activities		
Acquisition of property and equipment	-	(5,154)
Net cash flows from investing activities	-	(5,154)
Net change in cash and cash equivalents	35,797	(206,272)
Cash and cash equivalents at the beginning of the year	932,559	1,138,831
Cash and cash equivalents at the end of the year	$ 968,356	$ 932,559

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Freedom in Christ Ministries (the "Ministry") is a nonprofit corporation, under Internal Revenue Code Section 501(c)(3), which was formed on April 13, 1989 in order to establish an international and interdenominational Christian ministry. The Ministry's national office is located in Knoxville, Tennessee. The Ministry sponsors conferences and seminars and provides resources and training for various churches and evangelical missionary organizations internationally.

Basis of Presentation - The presentation of the financial statements follows accounting principles generally accepted in the United States of America ("GAAP"). Under GAAP, the Ministry is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Ministry and changes therein are classified and reported as follows: Net assets with donor restrictions and without donor restrictions.

Use of Estimates and Assumptions - 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 these estimates.

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Ministry considers all highly liquid investments with original maturity of three months or less, and readily convertible into cash without significant loss due to penalties or interest to be cash and cash equivalents.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Ministry has never experienced any losses related to these balances. FDIC insurance covers up to $250,000 per depositor at each financial institution. As of December 31, 2024 and 2023 there were amounts of $717,852 and 682,057 exceeding the FDIC limits.

Inventory - Inventory consists of books, teaching materials, and other saleable items that are valued at the lower of cost or market, using the first-in, first-out method. A reserve is not deemed necessary by management as of December 31, 2024 and 2023.

Property and Equipment - Property and equipment are stated at cost and depreciation is provided over the estimated useful lives of the assets on a straight-line basis. Maintenance, repairs, and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation expense for the years ended December 31, 2024 and 2023 was $3,568 and $5,920, respectively. Depreciation is allocated among the program and supporting services benefited. Property and equipment is depreciated from 3 to 5 years.

Right of Use Lease Assets and Lease Liabilities - The Ministry records operating and finance lease activity in accordance with FASB ASC 842, *Leases*. Lease liabilities are recognized at lease commencement, measured using the present value of cash payments expected to be made during the lease term, and represent the Ministry's obligation to make the lease payments arising from a lease. Right-of-use lease assets are recognized upon lease commencement. measured using the initial lease liability plus any payments made at or before commencement of the lease term, and represent our right to use an underlying asset for the lease term. Certain leases with a term of 12 months or less are not recorded using a right-of-use asset and lease liability, rather the related payments are recognized in the statement of income on a straight-line basis over the term of the lease. See Note 4 for further information regarding the Ministry's leases.

Revenue Recognition - Contributions received are recorded as net assets with donor restrictions and net assets without donor restrictions. All donor restricted net assets are reported as an increase in donor restricted net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenue Recognition - (Continued) - When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Ministry recognizes revenue in accordance with Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) using the modified retrospective approach. Under this method, the guidance is applied only to the most current period presented in the financial statements. ASU No. 2014-09 outlines a single comprehensive revenue recognition model for revenue arising from contracts with customers and superseded most of the previous revenue recognition guidance, including industry-specific guidance. Under ASU No. 2014-09, the Ministry follows the five-step model provided in the guidance in order to recognize revenue in the following manner: 1) Identify the contract; 2) Identify the performance obligations of the contract; 3) Determine the transaction price of the contract; 4) Allocate the transaction price to the performance obligation; and, 5) Recognize revenue. Under this method, an entity recognizes revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services.

Net Asset Classification - Net assets are classified into two components as defined below:

- *Net Assets with Donor Restrictions* - This component of net assets consists of restrictions placed on net assets used through external constraints imposed by creditors, grantors, contributors, or laws or regulations or other governments or restrictions imposed by law through constitutional provisions or enabling legislation. At December 31, 2024 and 2023, net assets with donor restrictions totaled $554,826 and $513,018, which was made up of contributions for the field ministry staff.

- *Net Assets without Donor Restrictions* - This component of net assets consists of net assets that do not meet the definition of "restricted". These net assets are available for current use by the Ministry.

Donated Services, Goods, and Facilities – The Ministry reports gifts of goods, services, and use of facilities and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Ministry reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, and the disclosure of the amounts recognized that reflects qualitative information about the utilization or monetization of the contribution, along with any donor-imposed restrictions, and valuation techniques or inputs used to arrive at fair value. The Ministry adopted ASU 2020-7 effective for the year ended December 31, 2022. There were no contributed non-financial assets for years ended December 31, 2024 and 2023.

Reclassification - Certain reclassifications have been made to the 2023 balances in order to conform to the 2024 presentation with no effect on the previously reported statement of activities and changes in net assets.

Recently Adopted Accounting Pronouncements - Effective January 1, 2023, the Ministry adopted FASB ASC 326, *Financial Instruments-Credit Losses*. The new standard requires entities to measure credit losses for certain financial assets, including accounts receivable, by replacing the historical "incurred loss" approach with an "expected loss" model. The current expected credit loss ("CECL") model requires entities to assess current and expected conditions, supported by reasonable forecasts, in addition to historical information to estimate the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Recently Adopted Accounting Pronouncements - (Continued) – lifetime losses of certain financial assets recorded at an amortized cost basis. Expected credit losses are recorded through an allowance for credit losses. The Ministry adopted ASC 326 using the modified retrospective method, which requires the Ministry to apply the new credit loss standard through a cumulative effect adjustment to the beginning balance of retained earnings, if necessary, as of the first reporting period in which the standard is effective.

The adoption of FASB ASC 326 did not have a material impact on the Ministry's results of operations or cash flows.

Date of Management's Review – Management has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2024, for items that should potentially be recognized or disclosed in the financial statements. The evaluation was conducted through April 3, 2025, which is the date these financial statements were available to be issued.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Ministry receives royalty income from the sale of books and tapes that are written by several members of the Ministry's staff. Royalty income for the years ended December 31, 2024 and 2023 was $24,152 and $20,586, respectively.

NOTE 3 – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2024	2023
Office equipment	$ 47,062	$ 47,062
Leasehold improvements	5,630	5,630
Total property and equipment	52,692	52,692
Less accumulated depreciation	50,164	46,596
Net property and equipment	$ 2,528	$ 6,096

NOTE 4 – LEASES

As discussed in Note 1, the Ministry records lease activity in accordance with ASC 842. The Ministry determines if its contractual agreements contain a lease at inception. A lease is identified when a contract allows for the right to control an identified asset for a period of time in exchange for consideration. The Ministry's lease agreements consist of operating leases for office space and office equipment. The Ministry does not have material financing leases.

The Ministry's operating leases are included on the balance sheets as right-of-use lease assets and lease liabilities. A right-of-use lease asset represents the Ministry's right to use an underlying asset over the term of a lease, while a lease liability represents its obligation to make lease payments arising from the lease. Current and noncurrent lease liabilities are recognized on commencement date at the present value of lease payments. Right-of-use lease assets are also recognized on the commencement date as the total lease liability plus and/or minus prepaid rents, deposits, and lease incentives, if any. As the Ministry's leases typically do not provide an implicit rate, it uses its fully collateralized incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate is influenced by market interest rates, credit ratings, and lease term and as such, may differ for individual leases.

NOTE 4 – LEASES – (Continued)

The Ministry's lease agreements typically do not contain variable lease payments, residual value guarantees, purchase options, or restrictive covenants. Many of the Ministry's leases include the option to renew for a period of months to several years. The term of the Ministry's leases may include the option to renew when it is reasonably certain that the option will be exercised. If a lease agreements contains lease components (e.g., payments for rent) and non-lease components (e.g., payments for common area maintenance and parking), it is all accounted for as a single lease component.

Information regarding lease expense, remaining lease term, discount rate, and other select lease information is presented below as of and for the year ended December 31, 2024 and 2023:

	2024	2023
Total operating lease expense	$ 39,304	$ 39,304
Other lease information		
Operating cash outflows from operating leases	$ 37,776	$ 39,735
Right-of-use lease assets obtained in exchange for new lease liabilities	$ -	$ -
Lease Term and Discount Rate		
Weighted average remaining lese term (in years)	0.75	1.67
Weighted average discount rate	5%	5%

A summary of the maturity of lease liabilities as of December 31, 2024 is as follows:

Year-ended December 31,	
2025	$ 27,785
Total minimum lease payments	$ 27,785
Less: amounts representing interest	(527)
Present value of lease liability	$ 27,258

NOTE 5 - INCOME TAXES

The Ministry is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3). The Ministry is subject, however, to Federal income tax on unrelated business income as stipulated in Internal Revenue Code Section 511 and Regulation Section 1.511. During the years ended December 31, 2024 and 2023, the Ministry had no activities unrelated to its exempt purpose, and therefore, incurred no tax liability due to unrelated business income.

The Ministry has evaluated its uncertain tax positions using the provisions of the standards. Accordingly, a loss contingency will be recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management's judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Although the tax years ending December 31, 2021 through December 31, 2024 remain open for examination by various taxing authorities, it is management's opinion that no significant uncertain tax positions exist at December 31, 2024.

NOTE 6 - FUNCTIONAL EXPENSE ALLOCATION

Functional Classification of Expenses - Functional classifications of expenses are based upon the guidance included in the *Audit and Accounting Guide for Not-For-Profit Organizations*, issued by the American Institute of Certified Public Accountants. The Ministry incurs costs and expenses related to its program services and supporting activities, such as fundraising and management. Expenses that are directly related to, and can be assigned to, program services or a single supporting activity are charged directly to such function. Expenses that are related to more than one function are allocated among the appropriate functions. The most significant of the Ministry's joint costs are the costs associated with other compensation and benefits. The Ministry allocates these joint costs primarily using proportional methods based on the time expended by personnel on the various functions.

Expenses are reported on the statement of activities and changes in net assets based on classifications most useful to management. Expense allocation among program and supporting services benefited is as follows:

	2024	2023
Program services	$ 1,766,404	$ 1,926,704
General and administrative	109,539	112,523
Fundraising	94,871	129,767
Total	$ 1,970,814	$ 2,168,994

NOTE 6 - FUNCTIONAL EXPENSE ALLOCATION - (Continued)

Joint cost allocated for the years ended December 31, 2024 and 2023 were as follows:

	2024			
	Program	General and administrative	Fundraising	Total
Field ministry	$ 1,400,293	$ -	$ -	$ 1,400,293
Compensation and benefits	194,825	86,804	54,091	335,720
Travel, meals, and entertainment	78,579	435	589	79,603
Office and occupancy	58,349	16,024	23,474	97,847
Professional and consulting	10,250	1,785	2,415	14,450
Advertising and marketing	8,480	2,191	3,720	14,391
Bank and credit card fees	6,020	430	7,103	13,553
Communication	4,140	1,173	1,587	6,900
Dues and subscriptions	2,281	646	874	3,801
Miscellaneous	3,188	50	1,018	4,256
Total	$ 1,766,405	$ 109,538	$ 94,871	$ 1,970,814

	2023			
	Program	General and administrative	Fundraising	Total
Field ministry	$ 1,554,039	$ -	$ -	$ 1,554,039
Compensation and benefits	200,801	85,950	77,435	364,186
Travel, meals, and entertainment	63,745	599	1,855	66,199
Office and occupancy	60,764	16,928	28,501	106,193
Professional and consulting	13,401	2,926	3,958	20,285
Advertising and marketing	14,824	3,649	6,144	24,617
Bank and credit card fees	5,396	448	7,365	13,209
Communication	4,235	1,170	1,990	7,395
Dues and subscriptions	2,476	701	949	4,126
Miscellaneous	7,023	152	1,570	8,745
Total	$ 1,926,704	$ 112,523	$ 129,767	$ 2,168,994

NOTE 7 - LIQUIDITY AND AVAILABILILITY

Financial assets available for general expenditure, without donor restrictions limiting their use within one year of the balance sheet date, comprise of the following:

	2024	2023
Cash and cash equivalents	$ 413,530	$ 419,541
Accounts receivable	77	871
Total assets	$ 413,607	$ 420,412

Cash, as presented on the balance sheet, consists of $554,826 and $513,018 restricted for field staff use as of December 31, 2024 and 2023, respectively.