



WORLD GOSPEL MISSION, INC. AND  
SUBSIDIARIES

Consolidated Financial Statements  
With Independent Auditors' Report

March 31, 2024 and 2023

# **WORLD GOSPEL MISSION, INC. and SUBSIDIARIES**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
World Gospel Mission, Inc. and Subsidiaries  
Marion, Indiana

### ***Opinion***

We have audited the accompanying consolidated financial statements of World Gospel Mission, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of March 31, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of World Gospel Mission, Inc. and Subsidiaries as of March 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of World Gospel Mission, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about World Gospel Mission, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors  
World Gospel Mission, Inc. and Subsidiaries  
Marion, Indiana

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

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

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



Indianapolis, Indiana  
August 21, 2024

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Consolidated Statements of Financial Position

	March 31,	
	2024	2023
<b>ASSETS:</b>		
Cash held by WGM	\$ 2,752,460	\$ 1,941,610
Cash held by subsidiaries	46,881	48,162
Cash and cash equivalents	2,799,341	1,989,772
General investments	20,521,451	20,311,585
Investments of Fairhaven South (subsidiary)	466,950	415,452
Prepaid expenses and field advances	622,334	535,430
Note receivable	361,059	-
Agency investments	1,735,336	1,421,254
Other assets of IO (subsidiary)	726,217	921,314
Land, buildings, and equipment, at cost-net:		
United States	4,361,078	4,556,676
Other countries	3,292,049	3,637,985
Trust assets	612,197	1,042,836
Endowment investments	17,448,423	12,645,411
<b>Total Assets</b>	<b>\$ 52,946,435</b>	<b>\$ 47,477,715</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 414,399	\$ 494,337
Liabilities of Fairhaven South (subsidiary)	109,328	109,328
Liabilities of IO (subsidiary)	314,007	361,792
Annuities payable	134,499	135,655
Agency funds held for others	1,735,336	1,421,254
Trusts liabilities:		
Revocable	202,947	658,326
Irrevocable	198,852	187,705
<b>Total liabilities</b>	<b>3,109,368</b>	<b>3,368,397</b>
<b>Net assets:</b>		
Without donor restrictions	11,526,025	11,571,488
With donor restrictions:		
Time or purpose restrictions	27,106,573	24,034,022
Perpetual restrictions	11,204,469	8,503,808
<b>Total with donor restrictions</b>	<b>38,311,042</b>	<b>32,537,830</b>
<b>Total net assets</b>	<b>49,837,067</b>	<b>44,109,318</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 52,946,435</b>	<b>\$ 47,477,715</b>

See notes to consolidated financial statements

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Consolidated Statements of Activities

Year Ended March 31,						
2024			2023			
Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE:</b>						
Support:						
Contributions	\$ 494,710	\$ 19,984,686	\$ 20,479,396	\$ 341,415	\$ 18,360,856	\$ 18,702,271
Grant income	223,125	-	223,125	252,955	-	252,955
Legacies and bequests	511,054	2,700,661	3,211,715	330,609	-	330,609
	<u>1,228,889</u>	<u>22,685,347</u>	<u>23,914,236</u>	<u>924,979</u>	<u>18,360,856</u>	<u>19,285,835</u>
Revenue:						
Investment returns—net	2,914,316	2,379,831	5,294,147	(1,893,904)	(787,757)	(2,681,661)
Change in value of annuities and trusts	143,763	(75,429)	68,334	(41,076)	(61,780)	(102,856)
Mission field rental, fees, and other income and gains	1,509,209	-	1,509,209	1,686,721	-	1,686,721
	<u>4,567,288</u>	<u>2,304,402</u>	<u>6,871,690</u>	<u>(248,259)</u>	<u>(849,537)</u>	<u>(1,097,796)</u>
<b>Total Support and Revenue</b>	<u>5,796,177</u>	<u>24,989,749</u>	<u>30,785,926</u>	<u>676,720</u>	<u>17,511,319</u>	<u>18,188,039</u>
<b>RECLASSIFICATIONS:</b>						
Net assets released from restrictions:						
Assessments against restricted gifts	1,737,608	(1,737,608)	-	1,744,003	(1,744,003)	-
Satisfaction of purpose restrictions	17,478,929	(17,478,929)	-	17,843,411	(17,843,411)	-
<b>Total Reclassifications</b>	<u>19,216,537</u>	<u>(19,216,537)</u>	<u>-</u>	<u>19,587,414</u>	<u>(19,587,414)</u>	<u>-</u>
<b>EXPENSES:</b>						
Program services:						
Church growth and evangelism	9,967,101	-	9,967,101	9,128,291	-	9,128,291
Medical and relief	5,403,602	-	5,403,602	4,925,166	-	4,925,166
Education ministries	1,899,667	-	1,899,667	1,866,820	-	1,866,820
Field administration	1,841,122	-	1,841,122	1,834,057	-	1,834,057
Homeland ministries	1,146,109	-	1,146,109	1,115,392	-	1,115,392
Bible schools and seminaries	622,239	-	622,239	597,715	-	597,715
Furlough ministries	331,915	-	331,915	501,742	-	501,742
Media ministries	99,841	-	99,841	83,675	-	83,675
	<u>21,311,596</u>	<u>-</u>	<u>21,311,596</u>	<u>20,052,858</u>	<u>-</u>	<u>20,052,858</u>
Supporting activities:						
Management and general	3,233,855	-	3,233,855	3,387,575	-	3,387,575
Fund-raising	1,280,262	-	1,280,262	1,616,015	-	1,616,015
	<u>4,514,117</u>	<u>-</u>	<u>4,514,117</u>	<u>5,003,590</u>	<u>-</u>	<u>5,003,590</u>
<b>Total Expenses</b>	<u>25,825,713</u>	<u>-</u>	<u>25,825,713</u>	<u>25,056,448</u>	<u>-</u>	<u>25,056,448</u>
<b>Change in Net Assets before Subsidiaries Operations</b>	<u>(812,999)</u>	<u>5,773,212</u>	<u>4,960,213</u>	<u>(4,792,314)</u>	<u>(2,076,095)</u>	<u>(6,868,409)</u>

(continued)

See notes to consolidated financial statements

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Consolidated Statements of Activities (continued)

	Year Ended March 31,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUBSIDIARIES OPERATIONS:</b>						
Revenue:						
Sales revenue	1,301,250	-	1,301,250	1,363,761	-	1,363,761
Cost of sales	(985,041)	-	(985,041)	(998,790)	-	(998,790)
Net sales	316,209	-	316,209	364,971	-	364,971
Lease revenue	928,139	-	928,139	912,894	-	912,894
Investment returns—net	51,497	-	51,497	(65,192)	-	(65,192)
Other revenues and gains	-	-	-	286	-	286
Cumulative translation adjustment and exchange rate gain (loss)	(97,656)	-	(97,656)	119,726	-	119,726
Total revenue	1,198,189	-	1,198,189	1,332,685	-	1,332,685
Expenses:						
IO expenses	427,753	-	427,753	587,059	-	587,059
Fairhaven South operating expenses	2,900	-	2,900	2,810	-	2,810
Total expenses	430,653	-	430,653	589,869	-	589,869
Net Income from Subsidiaries Operations	767,536	-	767,536	742,816	-	742,816
Change in Net Assets after Subsidiaries Operations	(45,463)	5,773,212	5,727,749	(4,049,498)	(2,076,095)	(6,125,593)
Net Assets, Beginning of Year	11,571,488	32,537,830	44,109,318	15,620,986	34,613,925	50,234,911
Net Assets, End of Year	<u>\$ 11,526,025</u>	<u>\$ 38,311,042</u>	<u>\$ 49,837,067</u>	<u>\$ 11,571,488</u>	<u>\$ 32,537,830</u>	<u>\$ 44,109,318</u>

See notes to consolidated financial statements

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Consolidated Statements of Cash Flows

	Year Ended March 31,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 5,727,749	\$ (6,125,593)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Gain) loss on sale of fixed assets	298,600	(117,131)
Exchange rate (gain) loss	97,656	(119,726)
Unrealized and realized (gains) losses on investments	(4,534,120)	3,442,442
Depreciation	595,991	765,767
Gift for long-term purposes	(2,700,661)	(1,500)
Actuarial change in value of annuities and trusts	(15,101)	41,563
Changes in:		
Assets of IO (subsidiary)	147,871	(52,003)
Prepaid expenses, field advances, and other	(86,904)	2,022
Accounts payable and accrued expenses	(79,938)	11,756
Liabilities of IO (subsidiary)	(145,441)	90,177
Net Cash Used by Operating Activities	<u>(694,298)</u>	<u>(2,062,226)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of fixed assets	(352,144)	(522,203)
Proceeds from sale of fixed assets	46,313	178,585
Purchases of long-term investments	(3,561,053)	(3,278,043)
Proceeds from sale of long-term investments	3,594,890	5,509,553
Issuance of notes receivable	(568,000)	-
Payments on notes receivable	206,941	-
Net Cash Provided (Used) by Investing Activities	<u>(633,053)</u>	<u>1,887,892</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments to annuitants and trust beneficiaries	(67,143)	(77,156)
Distribution from matured revocable trust agreement	(496,598)	-
Proceeds from long-term gifts	2,700,661	1,500
Reinvested interest and dividends from trusts	-	29,647
Net Cash Used by Financing Activities	<u>2,136,920</u>	<u>(46,009)</u>
Change in Cash and Cash Equivalents	809,569	(220,343)
Cash and Cash Equivalents, Beginning of Year	<u>1,989,772</u>	<u>2,210,115</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,799,341</u></u>	<u><u>\$ 1,989,772</u></u>

See notes to consolidated financial statements



# **WORLD GOSPEL MISSION, INC. and SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

March 31, 2024 and 2023

### **1. NATURE OF ORGANIZATION:**

World Gospel Mission, Inc. (WGM) is an Illinois not-for-profit corporation, which is a religious order associated with churches of the Protestant faith. As an interdenominational Christian missionary organization, WGM's mission is to engage Christ-like disciples to transform the world. Its operations are designed to minister through preaching, teaching, and healing ministries; assisting in forming culturally relevant congregations comprised of maturing disciples of Jesus Christ who will evangelize and reproduce themselves within their own cultures and across cultural boundaries (II Timothy 2:2) and call believers to the deeper work of God in the human heart of being cleansed from all sin and filled with the Holy Spirit by faith (I Thessalonians 4:3). These operations occur in the United States and other countries.

WGM focuses on church ministries, children's ministries, educational ministries, medical ministries, and humanitarian ministries. Current fields of service include: Albania, Argentina, Bolivia, Cambodia, Czech Republic, Haiti, Honduras, Hungary, Japan, Kenya, Mexico, Southwest Ministries (Arizona/New Mexico), Papua New Guinea, Paraguay, Spain, South Sudan, Taiwan, Texas/Mexico Border (McAllen, Texas), U.S. Hispanic Ministries, Uganda, United Kingdom, inner city youth at Stockton Peniel (California), and Creative Access Countries.

WGM is funded by contributions from individuals, churches, foundations, and other organizations. Funds are raised by missionaries and staff for support and programs as listed in the consolidated statements of activities. Support is also derived from direct mail appeals and the operation of planned giving programs.

The consolidated financial statements include the following subsidiaries: Fairhaven South, Inc. (d.b.a. Oaks at Avon), a Florida not-for-profit corporation which leases a 104-bed skilled and intermediate care nursing facility; and Industrias Olanchanas (IO), a for-profit corporation under applicable laws in Honduras, which operates a farm in Honduras.

WGM and Fairhaven South, Inc., (Note 6) its wholly owned subsidiary, are classified by the Internal Revenue Service as a tax-exempt, publicly supported 501(c)(3) religious organization under a group exemption letter dated April 29, 1993. Fairhaven South, Inc. files information tax returns in the U.S. and Florida. Fairhaven South, Inc. is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2019.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### **BASIS OF ACCOUNTING**

The consolidated financial statements of WGM have been prepared on the accrual basis. The significant accounting policies of WGM are described below to enhance the usefulness of the consolidated financial statements to the reader.

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FISCAL PERIOD

The accompanying consolidated statements of financial position reflect balances for WGM as of March 31, 2024 and 2023, for Fairhaven South, Inc. as of December 31, 2023 and 2022, and for IO as of December 31, 2023 and 2022. The consolidated statements of activities and cash flows reflect operating activities for WGM for the years ended March 31, 2024 and 2023, for Fairhaven South, Inc. for the years ended December 31, 2023 and 2022, and for IO for the years ended December 31, 2023 and 2022.

#### ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates.

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the worldwide ministries of WGM, Fairhaven South, Inc., and IO (collectively WGM unless subsidiaries are individually mentioned). Additionally, IO balances as of and for the years ended December 31, 2023 and 2022, are converted from the Honduran currency (lempiras) to U.S. dollars for consolidated financial statement reporting purposes and any reported exchange rate gains or losses are reported in the consolidated statements of activities. All material intercompany financial activities have been eliminated from these consolidated financial statements.

WGM operates a comprehensive branch (field) accounting and reporting system that provides for all activity worldwide to be reported as incurred instead of reflecting transfers as expenses when transmitted to the field and omitting field-based income and assets. The system includes the recognition of all field based revenues, expenses, cash and investments, property and equipment, and other assets and liabilities. Therefore, these consolidated financial statements portray a comprehensive picture of WGM's worldwide activity and consolidated financial position.

#### CLASSES OF NET ASSETS

The consolidated financial statements report amounts by class of net assets. See Note 12.

*Net assets without donor restrictions* are currently available for ministry purposes under the direction of the Board of Directors, designated by management or the Board for specific use, and resources invested in property and equipment.

*Net assets with donor restrictions* are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased. Net assets with donor restrictions also include those assets required to be held in perpetuity by donor restrictions. Only the income earned on these assets may be used for the purposes stated in the endowment agreements.

# **WORLD GOSPEL MISSION, INC. and SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

March 31, 2024 and 2023

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

#### **CASH AND CASH EQUIVALENTS AND CREDIT RISK**

Cash and cash equivalents represent cash on hand and in checking accounts in both U.S. and foreign currency, money market accounts, certificates of deposit with original maturity of 90 days or less, and savings accounts. At March 31, 2024 and 2023, the cash accounts not covered by FDIC insurance and the amounts exceeding FDIC insured limits totaled approximately \$2,364,000 and \$1,459,000, respectively. Management believes it is not exposed to any significant credit risk on cash, savings, or time deposits.

#### **INVESTMENTS AND INVESTMENTS OF FAIRHAVEN SOUTH (SUBSIDIARY)**

The majority of investments are reported at fair value with gains and losses included in the consolidated statements of activities. Donated investments are reported at fair value on the date of donation and thereafter carried in accordance with the above provisions. Annuity investments are included within general investments on the consolidated statements of financial position. Investment return is recognized when earned and derived from various investment classes. See summary in Note 13.

#### **NOTE RECEIVABLE**

Note receivable consists of an installment sale on a property with original balance of \$568,000. The terms of the note required a \$200,000 down payment plus monthly principal and interest payments of \$8,745, starting March 8, 2024, through maturity on February 8, 2028. The interest rate is fixed at 5%. No allowance has been recorded as management asserts this note is fully collectible.

#### **LIABILITIES OF FAIRHAVEN SOUTH (SUBSIDIARY)**

Liabilities of Fairhaven South (subsidiary) consist of a refundable security deposit held on behalf of the lessee. See Note 6.

#### **OTHER ASSETS AND LIABILITIES OF IO (SUBSIDIARY)**

Other assets of IO consists of accounts receivable, inventory, livestock, and equipment and machinery. Liabilities of IO (subsidiary) consist of trade accounts payable and a note payable. See Note 7.

Accounts receivable are held at net realizable value and are written-off when they are considered to be uncollectible. The allowance for uncollectible accounts was \$-0- as of December 31, 2023 and 2022, as all amounts are deemed by management to be fully collectible.

Inventory consists of various young livestock and silage crops and is valued at the lower of cost or net realizable value. Mature livestock used in production are classified as fixed assets and valued at historical cost.

Property and equipment, with useful lives greater than one year, consist of machinery and other equipment used in the farming operation. Property and equipment are depreciated over their useful lives ranging from five to ten years. Depreciation expense for the years ended December 31, 2023 and 2022, was \$47,226 and \$204,451, respectively.

# **WORLD GOSPEL MISSION, INC. and SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

March 31, 2024 and 2023

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

#### **LAND, BUILDINGS, EQUIPMENT, AND DEPRECIATION**

Items over \$2,500 are capitalized as land, buildings, and equipment and are reported at cost. Property and equipment are depreciated over their useful lives ranging from five to thirty-three years. Donated items are reported at their fair market value on the date of the gift. No impairment is thought to exist as of March 31, 2024 or 2023.

#### **ANNUITIES AND TRUSTS**

WGM has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the present value of future payments, determined on an actuarial basis using applicable discount rates ranging from 1.2 percent to 10.6 percent, is reported as public support at the date of the gift. The annuity liability is revalued annually based upon actuarially computed present values. Resulting actuarial gain or loss is reported as actuarial changes in the consolidated statements of activities.

As trustee, WGM administers revocable (grantor) trusts that provide for a beneficial interest to WGM and/or other beneficiaries at the grantor's death. Because the trusts are revocable at the discretion of the grantor, the principal amounts provided are reported as liabilities. All trust income, deductions, and credits are reportable by the grantor for tax purposes. At the grantor's death, the remaining trust assets, if designated for WGM, will be reported as contribution income. Any trust designated for other beneficiaries will be distributed in accordance with the trust agreement.

As trustee, WGM administers irrevocable trusts, including charitable remainder unitrusts and annuity trusts. These trusts provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. The present value of the income interests are reported as trust liabilities using federal discount and mortality tables. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated remaindermen. The present value of the remainder interest of WGM is reported as contributions with donor restrictions in the period received, net assets with donor restrictions, and as a reclassification to net assets without donor restrictions when the trust matures. Certain trusts contain provisions to distribute assets to remaindermen other than WGM. The portion attributable to others is reflected as a part of trust liabilities on the consolidated statements of financial position.

# **WORLD GOSPEL MISSION, INC. and SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

March 31, 2024 and 2023

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

#### **SUPPORT, REVENUE, RECLASSIFICATIONS, AND CONTRIBUTED SERVICES**

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred. Bequests are reported as support at the time WGM has an established right to the bequest and proceeds are measurable. WGM reports gifts of cash and other assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets for specific missionary or field activities or projects. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Commitments to support missionaries are treated as faith promises that are an expression of intent to give based on God's future provision. All conditions rest with the donor, who has the unilateral right to modify the commitment. Additionally, they are not measurable as the duration is not indicated. Accordingly, such commitments are not reported in these consolidated financial statements.

#### **REVENUE RECOGNITION**

WGM recognizes revenue when earned. Mission field rental, fees, and other revenue is earned over the period in which the goods or services are provided or in the period when the event or sale takes place. IO recognizes sales revenue when earned, which is usually at the point of sale when goods or livestock are transferred. Fairhaven South recognizes lease revenue within the fiscal year in which the services were provided. The tenant is charged based upon the monthly rate listed in the terms of the lease agreement. A refundable deposit of \$109,328 was included in liabilities of Fairhaven South (subsidiary) on the consolidated statements of financial position for both the years ended December 31, 2023 and 2022.

#### **ADMINISTRATIVE ASSESSMENTS**

Restricted gifts for individual missionary support or project funds are charged an administrative fee, which varies based upon type of activity or project involved, in order to offset WGM's cost of administering those activities. During the years ended March 31, 2024 and 2023, approximately \$1,738,000 and \$1,744,000, respectively, was transferred from missionary and project funds to net assets without donor restrictions. Such amounts are reported under reclassifications in the accompanying consolidated statements of activities.

#### **GRANT INCOME**

Conditional grant income is recognized as earned, which is when eligible expenses are incurred or when conditions are substantially met. WGM reports conditional grants in which the restriction is met in the same fiscal year as grant income without donor restrictions in accordance with the simultaneous release option.

# **WORLD GOSPEL MISSION, INC. and SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

March 31, 2024 and 2023

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

#### **EXPENSES, FUNCTIONAL ALLOCATION, AND JOINT COSTS**

Expenses are reported when incurred.

The costs of providing the various program services and supporting activities of WGM have been summarized on a functional basis in Note 13. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses include depreciation, salaries and benefits, and other expenses. These expenses are allocated based on time and efforts or based on the programmatic purpose of the asset being depreciated. Costs of other categories were allocated based on programmatic purpose of the employees directly affected by the expense.

In connection with missionary furlough salaries, housing, and ministry expenses for the years ended March 31, 2024 and 2023, WGM incurred joint costs of \$829,789 and \$1,254,358, respectively. Of these costs, \$331,915 and \$501,743 has been allocated to program services, for the years ended March 31, 2024 and 2023, respectively, and \$497,873 and \$752,615 has been allocated to fundraising for the years ended March 31, 2024 and 2023, respectively.

See Note 14 for expenses by both nature and function. Expenses of Fairhaven South are included in management and general. Expenses of IO are included as a separate program of WGM.

#### **FOREIGN OPERATIONS**

In connection with its worldwide ministry, WGM maintains schools, clinics, and other supporting facilities in various countries outside the United States. As of March 31, 2024 and 2023, assets in other countries, including cash, receivables, and assets held to conduct ministry activities, totaled approximately \$932,000 and \$795,000, respectively. Property and equipment, net of accumulated depreciation, amounted to approximately \$3,292,000 and \$3,638,000 for the years ended March 31, 2024 and 2023, respectively. Account balances relating to foreign operations are reflected in the consolidated financial statements in United States dollars. In addition to the previously mentioned foreign assets, WGM also had foreign source income in the amounts of approximately \$689,000 and \$711,000 for the years ended March 31, 2024 and 2023, respectively. WGM's worldwide activities resulted in an aggregate exchange gain (loss) of \$26,553 and (\$28,896) reported for the years ended March 31, 2024 and 2023, respectively.

IO operates exclusively in Honduras. Non-U.S. operations are subject to risks inherent in operating under different legal systems and various political and economic environments. As of the report date, there continues to be normal fluctuations in currency valuation between the U.S. dollar relative to the Honduras lempira. It is not practical to determine the effects of these rate changes on WGM's consolidated financial statements.

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects WGM's financial assets reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position dates.

	March 31,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 2,752,460	\$ 1,941,610
General investments	20,521,451	20,311,585
Agency investments	1,735,336	1,421,254
Note receivable	361,059	-
Assets of Fairhaven South (subsidiary) (cash and investments)	485,542	428,806
Assets of IO (subsidiary) (cash and receivables)	71,619	107,051
Trust assets	612,197	1,042,836
Endowment investments	17,448,423	12,645,411
	<u>43,988,087</u>	<u>37,898,553</u>
Less those not available for general expenditures within one year due to contractual or donor-imposed restrictions:		
Agency investments held for others	(1,735,336)	(1,421,254)
Note receivable collectible beyond one year	(268,143)	-
Trust assets	(612,197)	(1,042,836)
Restricted by donor with time or purpose restrictions	(3,497,388)	(3,592,931)
Perpetual endowments and accumulated earnings	(17,092,460)	(12,298,749)
Board designated quasi-endowment funds	(355,963)	(346,662)
	<u>(23,561,487)</u>	<u>(18,702,432)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 20,426,600</u>	<u>\$ 19,196,121</u>

# **WORLD GOSPEL MISSION, INC. and SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

March 31, 2024 and 2023

3. **LIQUIDITY AND FUNDS AVAILABLE, continued:**

WGM is substantially supported by contributions primarily with donor-imposed restrictions for missionary and field project support. Those contributions with donor restrictions require resources to be used in a particular manner or in a future period. WGM must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. Net assets with donor restrictions for missionary and project support for the years ended March 31, 2024 and 2023, totaled \$21,008,184 and \$20,042,276, respectively. Of these net assets with donor restrictions, \$16,901,399 and \$16,449,345 are considered available to meet needs for general expenditures within one year for the years ended March 31, 2024 and 2023, respectively.

As part of WGM's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. WGM invests cash in excess of daily requirements in short-term investments. A board policy is in place that requires the organization to maintain three months of operating reserves. The administration and board monitor these balances to ensure an adequate level of liquidity and reserves are available when needed. During the years ended March 31, 2024 and 2023, WGM maintained an adequate level of liquidity and reserves to meet general expenditures.



# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

### 4. GENERAL, AGENCY, ENDOWMENT, AND SUBSIDIARY INVESTMENTS:

General, agency, endowment, and subsidiary investments consist of:

	March 31,	
	2024	2023
Investments at fair value (Note 5):		
Common stock	\$ 10,483,314	\$ 8,550,220
Preferred stock	4,469,272	4,791
Exchange-traded and closed-end funds	3,866,970	2,044,570
Unit investment trusts	7,454,945	8,366,403
Mutual funds	4,475,425	4,019,442
Government securities	-	6
Corporate bonds	730,511	3,912,640
Commodities	128,100	108,690
	<u>31,608,537</u>	<u>27,006,762</u>
Investments at fair value-NAV (Note 5):		
Hedge funds	<u>770,460</u>	<u>575,704</u>
Investments held at other than fair value:		
Cash and cash equivalents, held at cost	551,183	611,009
Real property, held at tax assessed value	976,486	1,077,799
Variable annuity, held at contract value	6,221,973	5,483,627
Other, held at cost	<u>43,521</u>	<u>38,801</u>
	<u>\$ 40,172,160</u>	<u>\$ 34,793,702</u>
General investments	\$ 20,521,451	\$ 20,311,585
Agency investments	1,735,336	1,421,254
Endowment investments	17,448,423	12,645,411
Subsidiary (Fairhaven South, Inc.) investments (Note 5)	<u>466,950</u>	<u>415,452</u>
	<u>\$ 40,172,160</u>	<u>\$ 34,793,702</u>

### 5. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

### 5. FAIR VALUE MEASUREMENTS, continued:

WGM uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, WGM measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. Fair values of assets measured on a recurring basis at March 31, 2024, are as follows:

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
March 31, 2024:				
General, agency, endowment and subsidiary investments:				
Common stock:				
Equities	\$ 10,456,773	\$ 10,456,773	\$ -	\$ -
Fixed income	10,075	10,075	-	-
Alternative strategy	16,466	16,466	-	-
Preferred stock	4,469,272	4,469,272	-	-
Structured products: equities	128,100	128,100	-	-
Fixed income securities:				
Corporate	730,511	-	730,511	-
Exchange-traded/closed-end funds:				
Equities	1,600,757	1,600,757	-	-
Fixed income	112,647	112,647	-	-
Alternative strategy	408,730	408,730	-	-
Non-traditional	1,744,836	1,744,836	-	-
Unit investment trusts:				
Equities	7,452,466	7,452,466	-	-
Fixed income	2,479	2,479	-	-
Mutual funds:				
Equities	1,143,017	1,143,017	-	-
Fixed income	1,537,684	1,537,684	-	-
Alternative strategy	1,794,724	1,794,724	-	-
	<u>31,608,537</u>	<u>\$ 30,878,026</u>	<u>\$ 730,511</u>	<u>\$ -</u>
Hedge funds held at NAV	<u>770,460</u>			
	<u>\$ 32,378,997</u>			

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

5. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3	
March 31, 2024, continued:					
Trust assets:					
Stocks:					
Equities	\$ 214,257	\$ 214,257	\$ -	\$ -	
Alternative strategy	4,291	4,291	-	-	
Exchange-traded and closed-end funds:					
Fixed income	212,090	212,090	-	-	
Alternative strategy	12,314	12,314	-	-	
Mutual funds:					
Equities	32,259	32,259	-	-	
Fixed income	88,225	88,225	-	-	
Alternative strategy	44,646	44,646	-	-	
	\$ 608,082	\$ 608,082	\$ -	\$ -	

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

5. FAIR VALUE MEASUREMENTS, continued:

Fair values of assets measured on a recurring basis at March 31, 2023, are as follows:

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
March 31, 2023:				
General, agency, endowment and subsidiary investments:				
Common stock:				
Equities	\$ 8,501,844	\$ 8,501,844	\$ -	\$ -
Fixed income	30,310	30,310	-	-
Alternative strategy	18,066	18,066	-	-
Preferred stock	4,791	4,791	-	-
Structured products: equities	108,690	108,690	-	-
Fixed income securities:				
Government	6	-	6	-
Corporate	3,912,640	-	3,912,640	-
Exchange-traded and closed-end funds:				
Equities	1,366,962	1,366,962	-	-
Fixed income	133,412	133,412	-	-
Alternative strategy	452,835	452,835	-	-
Non-traditional	91,361	91,361	-	-
Unit investment trusts:				
Equities	6,717,882	6,717,882	-	-
Fixed income	1,648,521	1,648,521	-	-
Mutual funds:				
Equities	971,748	971,748	-	-
Fixed income	2,063,236	2,063,236	-	-
Alternative strategy	984,458	984,458	-	-
	<u>\$ 27,006,762</u>	<u>\$ 23,094,116</u>	<u>\$ 3,912,646</u>	<u>\$ -</u>
Hedge funds held at NAV				
	<u>575,704</u>			
	<u>\$ 27,582,466</u>			

(continued)

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

5. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3	
March 31, 2023, continued:					
Trust assets:					
Stocks:					
Equities	\$ 188,922	\$ 188,922	\$ -	\$ -	
Alternative strategy	4,259	4,259	-	-	
Exchange-traded and closed-end funds:					
Equities	512,485	512,485	-	-	
Fixed Income	145,840	145,840	-	-	
Alternative strategy	11,105	11,105	-	-	
Mutual funds:					
Equities	30,493	30,493	-	-	
Fixed income	98,954	98,954	-	-	
Alternative strategy	30,024	30,024	-	-	
	\$ 1,022,082	\$ 1,022,082	\$ -	\$ -	

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

***Level 1 Fair Value Measurements***

The fair values of common stock, preferred stock, exchange-traded funds, unit investment trusts, equity structured products, and mutual funds are based on quoted market prices.

***Level 2 Fair Value Measurements***

The fair value of corporate and government bonds are based on yields using credit ratings, risk premium, coupon rate and other various inputs.

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

### 5. FAIR VALUE MEASUREMENTS, continued:

#### *Non-leveled Investments held at Net Asset Value*

The fair value of the hedge funds is reported at the estimated net asset value (NAV), as a practical expedient. These investments are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. The values assigned to these holdings do not necessarily represent amounts which might ultimately be realized upon sale or other disposition since such amounts depend on future circumstances and cannot reasonably be determined until the actual liquidation occurs. Because of the inherent uncertainty, the estimated NAV may differ significantly from the values that would have been used had a ready market for such investments existed and the differences could be material.

Investments valued at NAV as of March 31, 2024, consisted of the following:

	NAV	Unfunded Commitments	Redemption Frequency/ Restrictions	Redemption Notice Period
Hedge funds:				
Growth fund	\$ 400,270	\$ 99,730	Annually	None
Private credit fund	\$ 370,190	\$ -	Quarterly / Limited to 5% of outstanding shares	60 days

Investments valued at NAV as of March 31, 2023, consisted of the following:

	NAV	Unfunded Commitments	Redemption Frequency/ Restrictions	Redemption Notice Period
Hedge funds:				
Growth fund	\$ 294,458	\$ 205,542	Annually	None
Private credit fund	\$ 281,246	\$ -	Quarterly / Limited to 5% of outstanding shares	60 days

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

6. ASSETS, LIABILITIES, NET ASSETS, AND ACTIVITIES OF SUBSIDIARY FAIRHAVEN SOUTH, INC.:

WGM has control over Fairhaven South, Inc. through the appointment of its Board of Directors. Assets, liabilities, net assets, and activities of Fairhaven South, Inc. are shown in the tables below.

	December 31,	
	2023	2022
Assets:		
Cash and cash equivalents	\$ 18,592	\$ 13,354
Investments (Note 4)	466,950	415,452
Total Assets	<u>\$ 485,542</u>	<u>\$ 428,806</u>
Liabilities:		
Refundable deposits	<u>\$ 109,328</u>	<u>\$ 109,328</u>
Net Assets:		
Net assets without donor restrictions	<u>376,214</u>	<u>319,478</u>
Total Liabilities and Net Assets	<u>\$ 485,542</u>	<u>\$ 428,806</u>
	Year Ended December 31,	
	2023	2022
Revenue:		
Lease revenue	\$ 928,139	\$ 912,894
Investment income	51,497	(65,192)
Total revenue	<u>979,636</u>	<u>847,702</u>
Expenses:		
Donation expense*	920,000	907,000
Operating expenses	2,900	2,810
	<u>922,900</u>	<u>909,810</u>
Change in net assets before elimination	56,736	(62,108)
Add: expenses eliminated in consolidation	<u>920,000</u>	<u>907,000</u>
Change in net assets after consolidation	<u>\$ 976,736</u>	<u>\$ 844,892</u>

\*Fairhaven South, Inc., donated approximately \$920,000 and \$907,000, to WGM during the years ended December 31, 2023 and 2022, respectively. These amounts are eliminated in consolidation.

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

6. ASSETS, LIABILITIES, NET ASSETS, AND ACTIVITIES OF SUBSIDIARY FAIRHAVEN SOUTH, INC.,  
continued:

### OPERATING LEASE AND RENTAL INCOME

Fairhaven South, Inc. leases the Oaks at Avon nursing facility to an unrelated third party. During 2015, Fairhaven South, Inc. renegotiated the existing lease with a new term from July 1, 2016 through June 30, 2031, with two additional renewal options of five years each. Annual rental income to be received by Fairhaven South, Inc. for the first year is \$807,620, with a two percent increase each successive year of the lease. The property and equipment under the lease are fully depreciated.

Future minimum lease payments to be received are as follows:

<u>Year Ending December 31,</u>	
2025	\$ 965,180
2026	984,484
2027	1,004,174
2028	1,024,257
2029	1,044,742
Thereafter	<u>2,152,587</u>
	<u><u>\$ 7,175,424</u></u>



# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

7. ASSETS, LIABILITIES, OWNER'S EQUITY, AND ACTIVITIES OF SUBSIDIARY INDUSTRIAS OLANCHANAS (IO):

As the sole owner, WGM has control over IO, a for-profit corporation organized under the applicable laws in Honduras. Assets, liabilities, owner's equity, and activities of IO are shown in the table below in U.S. dollars based upon exchange rate conversion from Honduras lempiras. Pre-consolidated assets, liabilities, and owner's equity of IO consist of:

	December 31,	
	2023	2022
Assets:		
Cash and cash equivalents	\$ 28,289	\$ 34,808
Accounts receivable	43,330	72,243
Other assets	32,528	31,350
Inventory—livestock and silage	368,773	391,994
Livestock	191,187	308,415
Property and equipment, net	90,399	117,312
Total Assets	<u>\$ 754,506</u>	<u>\$ 956,122</u>
Liabilities:		
Accounts payable	\$ 421,446	\$ 438,941
Due to WGM (eliminated in the consolidated financial statements)	950,918	925,839
	<u>1,372,364</u>	<u>1,364,780</u>
Owner's Equity	<u>(617,858)</u>	<u>(408,658)</u>
Total Liabilities and Owner's Equity	<u>\$ 754,506</u>	<u>\$ 956,122</u>

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

7. ASSETS, LIABILITIES, OWNER'S EQUITY, AND ACTIVITIES OF SUBSIDIARY INDUSTRIAS OLANCHANAS (IO), continued:

Activities of IO consist of:

	Year Ended December 31,	
	2023	2022
Sales	\$ 1,301,250	\$ 1,363,761
Cost of sales	(985,041)	(998,790)
Net sales	316,209	364,971
General, production, and administrative expenses	427,753	587,059
Other revenues and gains	-	286
Exchange rate gain (loss)	(97,656)	119,726
Net loss	(209,200)	(102,076)
Add: expenses eliminated in consolidation	-	-
Net gain (loss) after eliminations	\$ (209,200)	\$ (102,076)

For the years ended December 31, 2023 and 2022, IO's depreciation expense was \$47,226 and \$204,451, respectively.

### CURRENCY TRANSLATION

IO uses the local currency (Honduras lempiras) as the functional currency. For purposes of consolidation, IO's financial activity as of and for the years ended December 31, 2023 and 2022, has been translated into U.S. dollars using the exchange rates in effect at December 31, 2023 and 2022.

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

8. LAND, BUILDINGS, AND EQUIPMENT:

As of March 31, 2024, land, buildings, and equipment consist of:

	United States	Other Countries	Total
Land and improvements	\$ 799,215	\$ 707,163	\$ 1,506,378
Buildings	7,817,398	5,081,872	12,899,270
Furniture and equipment	1,813,147	1,307,463	3,120,610
Vehicles and other	505,625	1,843,759	2,349,384
	<u>10,935,385</u>	<u>8,940,257</u>	<u>19,875,642</u>
Less accumulated depreciation	<u>(6,595,829)</u>	<u>(5,700,811)</u>	<u>(12,296,640)</u>
	4,339,556	3,239,446	7,579,002
Construction in process	<u>21,522</u>	<u>52,603</u>	<u>74,125</u>
	<u><u>\$ 4,361,078</u></u>	<u><u>\$ 3,292,049</u></u>	<u><u>\$ 7,653,127</u></u>

As of March 31, 2023, land, buildings, and equipment consist of:

	United States	Other Countries	Total
Land and improvements	\$ 803,443	\$ 716,464	\$ 1,519,907
Buildings	7,819,211	5,760,758	13,579,969
Furniture and equipment	1,780,333	1,277,351	3,057,684
Vehicles and other	498,473	1,730,261	2,228,734
	<u>10,901,460</u>	<u>9,484,834</u>	<u>20,386,294</u>
Less accumulated depreciation	<u>(6,396,883)</u>	<u>(5,858,349)</u>	<u>(12,255,232)</u>
	4,504,577	3,626,485	8,131,062
Construction in process	<u>52,099</u>	<u>11,500</u>	<u>63,599</u>
	<u><u>\$ 4,556,676</u></u>	<u><u>\$ 3,637,985</u></u>	<u><u>\$ 8,194,661</u></u>

WGM's depreciation expense was \$549,765 and \$561,316 for the years ended March 31, 2024 and 2023, respectively.

Management has reviewed the assets in other countries and has determined that they are under the control and ownership of WGM. Such items are recognized as assets of WGM, but it should be noted that the political situation in many countries is subject to rapid change. Therefore, the reader should be aware that while WGM believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. It should also be understood that the carrying value of the assets in other countries may not be representative of the amount that would be realized should the assets be sold. Many of the assets designed to carry out the programs of WGM might have limited resale potential and may ultimately be granted to national churches and affiliated ministries in each country.

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

9. TRUST ASSETS AND LIABILITIES:

Trust assets consist of:

	March 31,	
	2024	2023
Cash and cash equivalents	\$ 4,115	\$ 20,754
Investments held at fair value (Note 2):		
Stocks	218,548	193,181
Exchange-traded and closed-end funds	224,404	669,430
Mutual funds	165,130	159,471
	<u>608,082</u>	<u>1,022,082</u>
	<u>\$ 612,197</u>	<u>\$ 1,042,836</u>

Trust liabilities and net assets consist of:

	March 31,	
	2024	2023
Trust liabilities:		
Revocable trusts	\$ 202,947	\$ 658,326
Irrevocable trusts—other remaindermen and lifetime interests	198,852	187,705
Total trust liabilities	<u>401,799</u>	<u>846,031</u>
Trust net assets (Note 12)	<u>210,398</u>	<u>196,805</u>
	<u>\$ 612,197</u>	<u>\$ 1,042,836</u>

Trust assets are reported separately in the consolidated statements of financial position. Annuity assets are included within general investments in the consolidated statements of financial position. The change in value of annuities and trusts have been reported together on the consolidated statements of activities and consist of:

	Year Ended March 31,	
	2024	2023
Interest and dividends	\$ 27,703	\$ 29,647
Net realized and unrealized gains (losses)	122,875	(96,910)
Actuarial change	(15,101)	41,563
Payments to beneficiaries	<u>(67,143)</u>	<u>(77,156)</u>
Change in value of annuities and trusts	<u>\$ 68,334</u>	<u>\$ (102,856)</u>

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

10. AGENCY FUNDS HELD FOR OTHERS:

Agency funds held for others are funds held by WGM as a fiscal agent for others. The composition of the funds is as follows:

	March 31,	
	2024	2023
Employee funds for children's education	\$ 1,735,336	\$ 1,421,254

11. EMPLOYEE BENEFIT PLANS:

**DEFINED CONTRIBUTION PENSION PLAN**

WGM has a 403(b) Defined Contribution Plan administered through Guidestone to provide eligible employees with a pension benefit upon retirement. Active participants are eligible to share in and benefit from the contribution determined by the Board of Directors, at their discretion, by resolution adopted on or before the last day of the plan year. All missionaries and full-time support staff are eligible to participate immediately and are fully vested on their hire dates. Contributions for the years ended March 31, 2024 and 2023, were approximately \$765,000 and \$715,000, respectively

**MEDICAL BENEFITS**

WGM had a self-funded medical plan for missionaries and staff through December 31, 2023. Effective January 1, 2024, WGM moved to a new medical plan for missionaries and staff while retirees remained on the existing self-funded plan. All active employees working at least 30 hours per week are eligible for participation in the medical benefit plan. Under the old self-funded plan, there is an annual maximum of \$1,000,000 per individual. WGM has contracted with an insurance provider for stop-loss coverage in excess of \$150,000 per plan year, per individual. Total claims incurred, but not reported, included in accounts payable were \$110,927 and \$187,888 for the years ended March 31, 2024 and 2023, respectively. The total expenses paid by WGM under both medical benefit plans amounted to approximately \$3,083,000 and \$2,897,000 for the years ended March 31, 2024 and 2023, respectively.

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

### 12. NET ASSETS:

Net assets consist of:

	March 31,	
	2024	2023
Net assets without donor restrictions:		
Undesignated	\$ 11,170,062	\$ 11,224,826
Board-designated quasi-endowments	355,963	346,662
Total net assets without donor restrictions	<u>11,526,025</u>	<u>11,571,488</u>
Subject to expenditure for specified purpose or appropriation:		
Missionary life investment—principal and accumulated gains	3,916,092	2,632,739
Unappropriated endowment income	1,971,899	1,162,202
	<u>5,887,991</u>	<u>3,794,941</u>
Missionary support—active missionaries	6,460,137	6,573,841
Missionary support—retired missionaries	4,106,785	4,133,292
Missionary support—volunteers	419,138	495,939
Projects	3,317,914	2,165,578
Ministries	4,228,766	4,185,452
Operational	2,319,444	2,332,174
Missionary life investment—transfers from ministry funds	156,000	156,000
Charitable remainder trusts (Note 9)	210,398	196,805
	<u>27,106,573</u>	<u>24,034,022</u>
Subject to restriction in perpetuity:		
Missionary life investment	6,158,500	6,154,500
Other endowment	5,045,969	2,349,308
	<u>11,204,469</u>	<u>8,503,808</u>
Total net assets with donor restrictions	<u>38,311,042</u>	<u>32,537,830</u>
Total net assets	<u><u>\$ 49,837,067</u></u>	<u><u>\$ 44,109,318</u></u>

WGM's governing board through specific action has created self-imposed limits on net assets without donor restrictions. The board has earmarked amounts for student aid purposes and missionary life investment transfers when these are released from restriction. For the years ended March 31, 2024 and 2023, these board-designated net assets totaled \$355,963 and \$346,662, respectively.

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

### 12. NET ASSETS, continued:

#### ENDOWMENT

WGM's endowment consists of approximately 30 individual funds established for a variety of purposes, which are donor-restricted endowment funds and quasi-endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### INTERPRETATION OF RELEVANT LAW

The Board of Directors of WGM has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WGM classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is classified as net assets with donor restrictions subject to expenditure for specified purposes or until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. WGM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of WGM and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of WGM
7. The investment policies of WGM

Endowment net asset composition by type of fund as of March 31, 2024:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains (Losses) and Other	Original Gift Amount in Perpetuity	
Endowment net assets, March 31, 2024:				
Donor-restricted endowment funds	\$ -	\$ 5,887,991	\$ 11,204,469	\$ 17,092,460
Board-designated endowment funds	355,963	-	-	355,963
Total endowment funds	<u>\$ 355,963</u>	<u>\$ 5,887,991</u>	<u>\$ 11,204,469</u>	<u>\$ 17,448,423</u>

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

12. NET ASSETS, continued:

ENDOWMENT, continued

Changes in endowment net assets for the year ended March 31, 2024:

		With Donor Restrictions		
	Without Donor Restrictions	Accumulated Gains (Losses) and Other	Original Gift Amount in Perpetuity	Total
Endowment net assets, March 31, 2023	\$ 346,662	\$ 3,794,941	\$ 8,503,808	\$ 12,645,411
Investment return:				
Dividend and interest income	979	467,511	-	468,490
Net realized and unrealized gains	6,822	1,912,320	-	1,919,142
Total investment return	7,801	2,379,831	-	2,387,632
Contributions and grant income	-	156,448	2,700,661	2,857,109
Expenditures:				
Appropriated for endowment purposes	(3,000)	(128,193)	-	(131,193)
Fees	-	(86,786)	-	(86,786)
Total expenditures	(3,000)	(214,979)	-	(217,979)
Transfers	4,500	(228,250)	-	(223,750)
Endowment net assets, March 31, 2024	\$ 355,963	\$ 5,887,991	\$ 11,204,469	\$ 17,448,423



# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

### 12. NET ASSETS, continued:

ENDOWMENT, continued

Endowment net asset composition by type of fund as of March 31, 2023:

		With Donor Restrictions		
	Without Donor Restrictions	Accumulated Gains (Losses) and Other	Original Gift Amount in Perpetuity	Total
Endowment net assets, March 31, 2023:				
Donor-restricted endowment funds	\$ -	\$ 3,794,941	\$ 8,503,808	\$ 12,298,749
Board-designated endowment funds	346,662	-	-	346,662
Total endowment funds	<u>\$ 346,662</u>	<u>\$ 3,794,941</u>	<u>\$ 8,503,808</u>	<u>\$ 12,645,411</u>

Changes in endowment net assets for the year ended March 31, 2023:

		With Donor Restrictions		
	Without Donor Restrictions	Accumulated Gains (Losses) and Other	Original Gift Amount in Perpetuity	Total
Endowment net assets, March 31, 2022	<u>\$ 324,809</u>	<u>\$ 5,422,898</u>	<u>\$ 8,503,508</u>	<u>\$ 14,251,215</u>
Investment return:				
Dividend and interest income	1,038	315,615	-	316,653
Net realized and unrealized losses	(4,684)	(1,103,372)	-	(1,108,056)
Total investment return	<u>(3,646)</u>	<u>(787,757)</u>	<u>-</u>	<u>(791,403)</u>
Contributions and grant income	<u>-</u>	<u>62,246</u>	<u>1,500</u>	<u>63,746</u>
Expenditures:				
Appropriated for endowment purposes	-	(762,457)	(1,200)	(763,657)
Fees	(1)	(92,979)	-	(92,980)
Total expenditures	<u>(1)</u>	<u>(855,436)</u>	<u>(1,200)</u>	<u>(856,637)</u>
Transfers	<u>25,500</u>	<u>(47,010)</u>	<u>-</u>	<u>(21,510)</u>
Endowment net assets, March 31, 2023	<u>\$ 346,662</u>	<u>\$ 3,794,941</u>	<u>\$ 8,503,808</u>	<u>\$ 12,645,411</u>

# **WORLD GOSPEL MISSION, INC. and SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

March 31, 2024 and 2023

### 12. NET ASSETS, continued:

#### ENDOWMENT, continued

##### 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 SPMIFA requires WGM to retain as a fund of perpetual duration. Deficiencies result from unfavorable market fluctuations that occurred after the investment of contributions restricted in perpetuity was deemed prudent by the Board of Directors. There were no funds with deficiencies as of March 31, 2024. As of March 31, 2023, the amount by which endowment funds were underwater was \$54,644.

##### RETURN OBJECTIVES AND RISK PARAMETERS

WGM 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(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk. WGM expects its endowment funds, over time, to provide an average rate of return of approximately seven percent annually. Actual returns in any given year may vary from this amount.

##### STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, WGM relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). WGM targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

##### SPENDING POLICY AND INVESTMENT OBJECTIVES RELATING TO SPENDING POLICY

WGM has a policy of appropriating four percent of its endowment fund's average fair value over the prior fiscal year. In establishing this policy, WGM considered the long-term expected return on its endowment. Accordingly, over the long term, WGM expects the current spending policy to allow its endowment to grow at an average of one percent annually. This is consistent with WGM's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

13. INVESTMENT INCOME (LOSS):

Investment income (loss) consists of:

	Year Ended March 31, 2024			
	General Investments (Note 4)	Trust Assets (Note 9)	Endowment Investments (Note 12)	Total
Interest and dividends, net of fees	\$ 414,412	\$ 27,703	\$ 468,490	\$ 910,605
Net unrealized and realized gains	2,492,103	122,875	1,919,142	4,534,120
	<u>2,906,515</u>	<u>150,578</u>	<u>2,387,632</u>	<u>5,444,725</u>
Less: investment gain included within change in value of annuities and trusts on a separate line in the consolidated statements of activities	-	(150,578)	-	(150,578)
	<u>\$ 2,906,515</u>	<u>\$ -</u>	<u>\$ 2,387,632</u>	<u>\$ 5,294,147</u>
	Year Ended March 31, 2023			
	General Investments (Note 4)	Trust Assets (Note 9)	Endowment Investments (Note 12)	Total
Interest and dividends, net of fees	\$ 347,218	\$ 29,647	\$ 316,653	\$ 693,518
Net unrealized and realized losses	(2,237,476)	(96,910)	(1,108,056)	(3,442,442)
	<u>(1,890,258)</u>	<u>(67,263)</u>	<u>(791,403)</u>	<u>(2,748,924)</u>
Add: investment loss included within change in value of annuities and trusts on a separate line in the consolidated statements of activities	-	67,263	-	67,263
	<u>\$ (1,890,258)</u>	<u>\$ -</u>	<u>\$ (791,403)</u>	<u>\$ (2,681,661)</u>

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

### 14. EXPENSES BY BOTH NATURE AND FUNCTION:

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of WGM. Accordingly, certain costs have been allocated among the program services and supporting activities benefited and are based on estimates of time and effort.

The following table presents expenses by both their nature and function for the year ended March 31, 2024:

	Program Activities							Supporting Activities				
	Church Growth and Evangelism	Medical and Relief	Education Ministries	Field Admini- stration	Homeland Ministries	Bible Schools and Seminaries	Furlough Ministries	Industrias Olanchanas	Media Ministries	Management, General and Fairhaven South	Fund-raising	Total Expenses
Salaries and benefits	\$ 4,991,346	\$ 2,184,969	\$ 974,368	\$ 1,373,789	\$ 755,672	\$ 324,172	\$ 209,444	\$ 194,164	\$ 34,419	\$ 2,153,927	\$ 765,391	\$ 13,961,661
Grants to partners	1,095,962	2,024,336	223,623	43,728	-	141,198	5,189	239	39,500	32,300	68,483	3,674,558
Travel/transportation	1,225,511	415,702	84,990	154,183	94,104	46,636	54,844	5,186	291	66,112	118,022	2,265,581
Supplies and other	1,287,016	452,727	311,845	91,070	97,315	64,091	35,914	1,024,050	21,917	191,369	98,492	3,675,806
Professional fees	216,151	88,640	52,769	63,412	107,994	8,245	10,746	52,678	705	542,042	188,320	1,331,702
Utilities	395,935	58,744	129,685	24,796	37,310	12,048	9,551	28,168	1,424	126,071	24,284	848,016
Depreciation	299,600	43,266	89,015	33,089	8,371	13,999	-	47,226	1,365	60,060	-	595,991
Training	92,138	98,856	3,639	43,685	8,413	7,779	5,884	-	-	5,600	10,827	276,821
Repairs and maintenance	238,161	11,623	19,161	2,899	5,438	3,310	343	61,083	-	1,622	1,398	345,038
Insurance	125,281	24,739	10,572	10,471	31,492	761	-	-	220	57,652	5,045	266,233
Total expenses	9,967,101	5,403,602	1,899,667	1,841,122	1,146,109	622,239	331,915	1,412,794	99,841	3,236,755	1,280,262	27,241,407
Less expenses included in cost of sales	-	-	-	-	-	-	-	(985,041)	-	-	-	(985,041)
	\$ 9,967,101	\$ 5,403,602	\$ 1,899,667	\$ 1,841,122	\$ 1,146,109	\$ 622,239	\$ 331,915	\$ 427,753	\$ 99,841	\$ 3,236,755	\$ 1,280,262	\$ 26,256,366

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

### 14. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

The following table presents expenses by both their nature and function for the year ended March 31, 2023:

	Program Activities							Supporting Activities				
	Church Growth and Evangelism	Medical and Relief	Education Ministries	Field Admini- stration	Homeland Ministries	Bible Schools and Seminaries	Furlough Ministries	Industrias Olanchanas	Media Ministries	Management, General and Fairhaven South	Fund-raising	Total Expenses
Salaries and benefits	\$ 4,437,237	\$ 1,848,978	\$ 898,423	\$ 1,361,298	\$ 773,975	\$ 278,478	\$ 308,920	\$ 202,224	\$ 33,787	\$ 2,371,442	\$ 941,769	\$ 13,456,531
Grants to partners	1,163,249	2,036,672	395,800	54,226	-	131,920	4,443	1,151	5,240	36,715	98,199	3,927,615
Travel/transportation	1,045,181	368,709	85,630	153,488	80,084	52,948	74,864	1,767	2,839	94,759	147,837	2,108,106
Supplies and other	1,094,653	385,950	233,555	94,905	81,225	84,263	69,258	1,028,485	34,391	206,023	157,689	3,470,397
Professional fees	304,822	64,908	49,095	52,910	94,994	15,740	12,650	18,907	2,253	448,752	202,784	1,267,815
Utilities	374,754	59,867	74,964	26,449	32,957	10,132	14,888	34,971	1,138	98,834	32,361	761,315
Depreciation	304,099	42,701	85,793	33,921	8,371	13,999	-	204,451	1,365	71,067	-	765,767
Training	99,756	85,518	9,798	43,018	14,508	3,210	14,100	-	2,250	2,705	26,075	300,938
Repairs and maintenance	184,672	12,442	20,846	3,266	2,763	2,792	641	93,893	164	3,556	1,435	326,470
Insurance	119,868	19,421	12,916	10,576	26,515	4,233	1,978	-	248	56,532	7,866	260,153
Total expenses	9,128,291	4,925,166	1,866,820	1,834,057	1,115,392	597,715	501,742	1,585,849	83,675	3,390,385	1,616,015	26,645,107
Less expenses included in cost of sales	-	-	-	-	-	-	-	(998,790)	-	-	-	(998,790)
	<u>\$ 9,128,291</u>	<u>\$ 4,925,166</u>	<u>\$ 1,866,820</u>	<u>\$ 1,834,057</u>	<u>\$ 1,115,392</u>	<u>\$ 597,715</u>	<u>\$ 501,742</u>	<u>\$ 587,059</u>	<u>\$ 83,675</u>	<u>\$ 3,390,385</u>	<u>\$ 1,616,015</u>	<u>\$ 25,646,317</u>

# WORLD GOSPEL MISSION, INC. and SUBSIDIARIES

## Notes to Consolidated Financial Statements

March 31, 2024 and 2023

14. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Reconciliation of expenses by both nature and function to the consolidated statements of activities is as follows:

	Year Ended March 31,	
	2024	2023
WGM expenses	\$ 25,825,713	\$ 25,056,448
IO expenses	427,753	587,059
Fairhaven South expenses	2,900	2,810
Total expenses	<u>\$ 26,256,366</u>	<u>\$ 25,646,317</u>

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 21, 2024, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.