



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



Vredeveld Haefner LLC
CPAs and Consultants

FREE THE OPPRESSED

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INDEPENDENT AUDITORS' REPORT

November 29, 2023

Board of Directors
Free the Oppressed

Opinion

We have audited the accompanying consolidated financial statements of Free the Oppressed (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Free the Oppressed as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Free the Oppressed 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 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 Free the Oppressed's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Free the Oppressed'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Free the Oppressed'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.

Vredewold Haefner LLC

CONSOLIDATED FINANCIAL STATEMENTS

FREE THE OPPRESSED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

Assets	2022	2021
Current assets		
Cash and cash equivalents	\$ 2,184,526	\$ 2,636,396
Deposits held by others	126,699	197,448
Cash advances in the field	200,657	476,324
Marketable securities	674,369	1,139,897
Prepaid expenses	114,060	48,571
Total current assets	3,300,311	4,498,636
Land, building, vehicles, aircraft, and equipment	3,449,715	2,675,507
Less accumulated depreciation	(988,293)	(586,190)
Net land, building, vehicles, aircraft, and equipment	2,461,422	2,089,317
Intangible assets	3,000	3,000
Total assets	\$ 5,764,733	\$ 6,590,953
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 46,971	\$ 40,083
Total liabilities		
Net assets		
Net Assets without donor restriction	5,159,560	5,221,172
Net Assets with donor restriction	558,202	1,329,698
Total net assets	5,717,762	6,550,870
Total liabilities and net assets	\$ 5,764,733	\$ 6,590,953

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

FREE THE OPPRESSED
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	\$ 5,518,495	\$ 1,231,677	\$ 6,750,172	\$ 4,533,731	\$ 3,379,091	\$ 7,912,822
Donated Items (Gifts-in-Kind)	6,231	600	6,831	77,224	—	77,224
Donated Securities	167,796	—	167,796	69,796	866,075	935,871
Unrealized Gains Losses	(578,098)	(41,191)	(619,289)	86,970	(17,596)	69,374
Realized Gains Losses	(83)	—	(83)	4,120	24,053	28,173
Royalties	29,902	—	29,902	83,464	—	83,464
Other income	2,190	23,197	25,387	20,125	4,046	24,171
Total operating revenues	5,146,433	1,214,283	6,360,716	4,875,430	4,255,669	9,131,099
Reclassifications						
Net assets released due to satisfaction of time or program restriction	1,985,779	(1,985,779)	—	3,707,305	(3,707,305)	—
Expenditures						
Program services						
Burma ministries	4,450,271	—	4,450,271	3,027,044	—	3,027,044
Middle East ministries	1,191,786	—	1,191,786	1,281,940	—	1,281,940
Thailand ministries	903,085	—	903,085	336,396	—	336,396
Advocacy	194,050	—	194,050	174,163	—	174,163
Total program services	6,739,192	—	6,739,192	4,819,543	—	4,819,543
Supporting services						
Fundraising	46,507	—	46,507	57,815	—	57,815
Management and general	369,117	—	369,117	314,659	—	314,659
Total supporting services	415,624	—	415,624	372,474	—	372,474
Total operating expenditures	7,154,816	—	7,154,816	5,192,017	—	5,192,017
Change in net assets	(22,604)	(771,496)	(794,100)	3,390,718	548,364	3,939,082
Net assets, beginning of year	5,221,172	1,329,698	6,550,870	1,897,824	781,334	2,679,158
Currency translation adjustment	(39,008)	—	(39,008)	(67,370)	—	(67,370)
Net assets, end of year	<u>\$ 5,159,560</u>	<u>\$ 558,202</u>	<u>\$ 5,717,762</u>	<u>\$ 5,221,172</u>	<u>\$ 1,329,698</u>	<u>\$ 6,550,870</u>

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

FREE THE OPPRESSED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (794,100)	\$ 3,939,082
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	405,271	227,387
Contributions of marketable securities	(167,796)	(935,871)
Increase in deposits held by others	70,749	(167,936)
Increase in cash advances in the field	275,667	(257,229)
Decrease (increase) in prepaid expenses	(65,489)	(46,586)
Increase (decrease) in accounts payable and accrued expenses	6,888	20,206
Unrealized losses (gains) on marketable securities	619,289	(69,373)
Realized losses (gains) on marketable securities	83	(28,172)
Realized losses (gains) on sale of fixed assets	—	(19,320)
Net cash provided by operating activities	<u>350,562</u>	<u>2,662,188</u>
Cash flows from investing activities		
Purchase of capitalized equipment	(786,918)	(1,730,761)
Purchase of marketable securities	(4,657)	(228,098)
Proceeds on sale of vehicle	—	30,000
Proceeds on sale marketable securities	18,608	121,617
Net cash used by investing activities	<u>(772,967)</u>	<u>(1,807,242)</u>
Effect of exchange rate changes on cash	<u>(29,465)</u>	<u>(48,382)</u>
Net increase in cash and cash equivalents	<u>(451,870)</u>	<u>806,564</u>
Cash and cash equivalents, beginning of year	<u>2,636,396</u>	<u>1,829,832</u>
Cash and cash equivalents, end of year	<u>\$ 2,184,526</u>	<u>\$ 2,636,396</u>
Supplemental data:		
Noncash operating activities:		
Donated items (in-kind contributions)	\$ 6,831	\$ 77,224
Donated items that were expensed	6,831	77,224

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

FREE THE OPPRESSED
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services		Total
	Burma Ministries	Middle East Ministries	Thailand Ministries	Advocacy	Fundraising	Management & General	
Relief activities	\$ 1,604,022	\$ 673,876	\$ 125,786	\$ —	\$ —	\$ —	\$ 2,403,684
Stipends & support	643,231	179,330	204,639	—	—	—	1,027,200
Vehicles	464,085	151,627	21,890	6,254	—	12,509	656,365
Training relief teams	531,331	—	295	—	—	—	531,626
Aviation Department	—	—	498,466	—	—	—	498,466
Medical	290,359	72,957	—	—	—	—	363,316
JSMK	354,756	—	—	—	—	—	354,756
Travel	91,568	48,028	37,785	29,824	—	25,135	232,340
Other administration	—	—	—	—	—	220,171	220,171
Field communication	163,948	20,114	—	—	—	—	184,062
Ranch ministries	—	—	4,528	77,423	—	77,423	159,374
Communication	88,202	—	1,658	36,774	—	772	127,406
Good Life Club	115,537	2,147	—	—	—	—	117,684
Payroll	24,114	24,114	8,038	8,038	—	16,076	80,380
Maesarieng	70,453	—	—	—	—	—	70,453
Fundraising expenses	—	—	—	—	46,507	—	46,507
Facilities	—	19,593	—	—	—	17,031	36,624
Global day of prayer	—	—	—	25,933	—	—	25,933
Other expenses	23	—	—	9,804	—	—	9,827
Books and bibles	8,642	—	—	—	—	—	8,642
Total expenses	\$ 4,450,271	\$ 1,191,786	\$ 903,085	\$ 194,050	\$ 46,507	\$ 369,117	\$ 7,154,816

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

FREE THE OPPRESSED
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services		Total
	Burma Ministries	Middle East Ministries	Thailand Ministries	Advocacy	Fundraising	Management & General	
Relief activities	\$ 1,177,341	\$ 664,594	\$ 102,220	\$ —	\$ —	\$ —	\$ 1,944,155
Stipends & support	477,580	239,014	125,403	—	—	—	841,997
Training relief teams	450,777	—	—	29,017	—	—	479,794
Vehicles	113,590	212,422	22,699	6,485	—	12,971	368,167
Medical	243,466	17,188	2,283	—	—	—	262,937
JSMK	227,864	—	—	—	—	—	227,864
Other administration	—	—	—	—	—	221,285	221,285
Travel	38,892	73,429	5,689	37,087	—	13,833	168,930
Field communication	113,624	26,290	—	—	—	—	139,914
Communication	68,192	—	1,990	20,847	—	2,212	93,241
Ranch ministries	—	—	2,209	35,343	—	35,343	72,895
Aviation Department	—	—	67,229	—	—	—	67,229
Payroll	20,023	20,023	6,674	6,674	—	13,349	66,743
Good Life Club	62,717	1,827	—	—	—	—	64,544
Fundraising expenses	—	—	—	—	57,815	—	57,815
Facilities	—	27,153	—	—	—	15,666	42,819
Global day of prayer	—	—	—	34,947	—	—	34,947
Maesarieng	29,998	—	—	—	—	—	29,998
Other expenses	—	—	—	3,763	—	—	3,763
Books and bibles	2,980	—	—	—	—	—	2,980
Total expenses	\$ 3,027,044	\$ 1,281,940	\$ 336,396	\$ 174,163	\$ 57,815	\$ 314,659	\$ 5,192,017

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FREE THE OPPRESSED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Free the Oppressed is a not-for-profit corporation exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. It was organized exclusively for religious, charitable, and educational purposes. The specific purposes and objectives of the corporation shall include but not be limited to the following:

- a) supporting, encouraging, and facilitating the loving and saving gospel of Jesus Christ while working and helping people of different religions and creeds;
- b) training and sending humanitarian relief teams of medics, teachers, pastors, and others to provide emergency assistance to people of different races and ethnicities in need;
- c) providing support, assistance, and resources to Christian workers and others in need around the world;
- d) creating and facilitating relationships between churches, organizations, individuals, and others who are supportive of reconciliation and unity; and
- e) cooperating with and supporting other projects and organizations that are organized and operated for similar purposes.

Consolidated Financial Statements

The consolidated financial statements include the accounts of Free The Oppressed and its interrelated organizations, Free Burma Rangers (Burma), Free the Oppressed Foundation (Thailand), and Free the Oppressed Iraq (Middle East). All significant inter-organization accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization's financial statements have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP). The Organization has implemented Financial Accounting Standards Board Update No. 2016-14 which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization had no perpetual restricted net assets.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidate Statements of Activities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Foreign Currency

Most Free the Oppressed foreign subsidiaries utilize currencies other than the United States Dollar (USD) as their functional currency. As required by the Foreign Currency Matters topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the financial statements of these subsidiaries for all periods presented have been translated into USD, the functional currency of Free the Oppressed, in the reporting currency herein, for purposes of consolidation at rates prevailing during the year for donations, costs, and expenses and at end-of-year rates for all assets and liabilities. The effect of this translation is recorded in a separate component of net assets. Cumulative currency translation adjustment losses of \$59,264 and \$20,256 were included in net assets without donor restriction in the accompanying consolidated balance sheets as of December 31, 2022 and 2021.

Transactions in foreign currencies are recorded using the yearly average rate of exchange. Assets and liabilities resulting from these transactions are translated at the rate of exchange in effect at the balance sheet date. Net foreign currency losses recorded in consolidated statements of activities were \$39,008 and \$67,370 for the years ended December 31, 2022 and 2021.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks and cash on hand. The Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Organization maintains demand deposits in banks that are insured by the Federal Deposit Insurance Corporation up to the legal limit. At times during the years ended December 31, 2022 and 2021, the bank balance on these accounts exceeded the insured limit. Management believes the Organization is not exposed to any significant interest rate or other risk on these deposits.

Deposits Held by Others

Deposits held by others consists of demand deposits in an overseas bank account held by David and Karen Eubank (the Organization's Chairman/CEO and his wife). The Organization has entered into an agency agreement with the Eubanks that states the demand deposits are to be used only for organizational purposes.

Cash Advances in the Field

Cash advances in the field consists of cash that has been given to team members in the field to enter into transactions with entities and individuals on the front-lines of war zones in Burma, Kurdistan, Iraq, and Syria.

FREE THE OPPRESSED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Also included in cash advances in the field as of December 31, 2022 are two related party loans, one to Sahale Eubank for \$13,746 and one to Suuzanne Eubank for \$15,459. Both individuals are daughters of CEO David Eubank, and the loans are for higher education expenses. The loans are current and will be paid back within one year. There was no outstanding balance as of December 31, 2021.

Marketable Securities

Under SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Prepaid Expenses

Payments to vendors for services that will benefit periods beyond the Organization's fiscal year-end are recorded as prepaid expenses.

Property and Equipment and Depreciation

Property and equipment consists of land, buildings, vehicles, aircraft, and equipment, which are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is provided over the estimated useful lives of the respective assets on the straight-line basis, which range generally from 3 to 10 years.

The Organization has entered two facilities funding agreements with David and Karen Eubank (the Organization's Chairman/CEO and his wife) to construct a dorm building and a guest house on land that is owned by the Eubanks in Thailand. The dorm building and guest house are to be used to house visitors from Burma who serve and receive service from the Organization and for other activities in furtherance of the charitable purposes of the Organization for periods of 10 years from the completion dates of each building, provided that the Organization provides funding for its operating expenses commensurate with such use throughout that period. After December 1, 2026 (the end of the 10 year period for the dorm building) the agreement may be terminated by either party. After April 20, 2031 (the end of the 10 year period for the guest house) the agreement may be terminated by either party. The Organization is depreciating both the dorm building and guest house over their 10 year estimated lives.

Revenue Recognition

Contributions received are recorded as revenues and additions to net assets with donor restrictions or without donor restrictions depending on the existence, nature and satisfaction of any donor imposed restrictions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Promises to give are recorded as revenues and additions to net assets at the present value of their estimated future cash flows when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give without donor restriction that are expected to be collected within one year increase net assets without donor restriction. Unconditional promises to give with restriction by the donor or without restriction by the donor and not expected to be collected within one year (an implied time restriction) are reported as increases in net assets with donor restriction. When a restriction has been satisfied or a time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The discount on promises to give is computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Donated Services

No amounts have been reflected in the financial statements for donated services, as the donated services do not meet the criteria for recording such activity. However, a substantial number of volunteers have donated significant amounts of their time in furtherance of the Organization's program services.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Generally, income tax returns filed within the last three years remain open and subject to audit by regulatory authorities. The Organization concludes that there are no significant uncertain tax positions requiring recognition in the financial statements.

Functional Allocation of Expenses

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

Subsequent Events

In preparing these financial statements, management has evaluated significant events and transactions for potential recognition or disclosure subsequent to December 31, 2022 and through the auditors' report date, the date the financial statements were available to be issued. On March 20, 2023, management renewed the office lease in Thailand, which has been included in the lease commitment note.

FREE THE OPPRESSED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

2. MARKETABLE SECURITIES

Marketable securities are summarized as follows a year-end:

	2022	2021
Net gains (losses) recognized during the period on equity securities	\$ (619,372)	\$ 97,547
Less: Net gains (losses) recognized during the period on equity securities sold during the period	<u>(83)</u>	<u>28,173</u>
Unrealized gains (losses) recognized during the reporting period on the equity security still held at the reporting date	(619,289)	69,374
Unrealized gains recognized during prior reporting periods on the equity security still held at the reporting date	69,374	-
Marketable securities at cost	<u>1,224,284</u>	<u>1,070,523</u>
Total marketable securities	\$ <u>674,369</u>	\$ <u>1,139,897</u>

3. PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at year-end:

	2022	2021
Land	\$ 376,240	\$ 120,012
Building	392,618	48,484
Vehicles	957,764	946,766
Aircraft	1,629,321	1,478,288
Equipment	<u>93,772</u>	<u>81,957</u>
Total property and equipment	3,449,715	2,675,507
Less: accumulated depreciation	<u>(988,293)</u>	<u>(586,190)</u>
Property and equipment, net	\$ <u>2,461,422</u>	\$ <u>2,089,317</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

4. DONATED MATERIALS

Donated materials consist of the following for the year ended:

	2022	2021
In-kind items:		
Electronics, cameras, and optic supplies	\$ -	\$ 75,351
Airfare and travel expenses	4,878	-
Specialty aviation tools	1,953	-
Postage and office supplies	<u>-</u>	<u>1,873</u>
Total received	\$ <u>6,831</u>	\$ <u>77,224</u>

Items were utilized in field operations during the year. Contributions were recognized at the fair market value at time of donation.

5. LEASE COMMITMENTS

The Organization leases certain property under non-cancellable leases with an initial period of greater than one year. The current lease for office space commenced in 2022 and expires in 2024. Rental expense for the year ended December 31, 2022 was \$7,846. Rental expense for the year ended December 31, 2021 was \$22,991.

Amounts recognized as assets related to the lease are included in the prepaid asset line item while related lease liabilities are included in the account payable line item on the financial statements.

Minimum future payments on these leases as of December 31, 2022 are as follows:

Year Ending December 31,	
2023	\$ 8,673
2024	<u>1,903</u>
Total	\$ <u>10,576</u>

6. FUNCTIONAL EXPENSE

The costs of providing program and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

FREE THE OPPRESSED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Significant expenses that are allocated include the following:

Expense	Method of allocation
Travel	Time and effort
Communications	Time and effort
Ranch Ministry	Time and effort
Payroll	Time and effort
Vehicles	Utilization

7. NET ASSETS

Net assets with donor restrictions at year-end were as follows:

2022	2021
\$ 174,441	\$ 528,460
42,209	371,004
169,869	232,511
103,538	132,743
38,825	62,291
26,210	1,612
3,110	1,077
<u>\$ 558,202</u>	<u>\$ 1,329,698</u>

Net assets released from net assets with donor restrictions are as follows:

Satisfaction of purpose restriction	2022	2021
Burma Ministries	\$ 862,736	\$ 2,210,268
Middle East Ministries	578,044	854,497
Jungle School of Medicine Kawthoolei	220,916	399,911
Thailand Ministries	183,032	107,563
Good Life Club	17,154	55,509
Medical Support	94,692	50,100
Education	29,205	29,457
Total	\$ 1,985,779	\$ 3,707,305

FREE THE OPPRESSED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

8. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments measured at fair value:

December 31, 2022				
	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Stocks and exchange traded funds	\$ 500,400	\$ -	\$ -	\$ 500,400
Mutual funds	173,969	-	-	173,969
	<u>\$ 674,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 674,369</u>

December 31, 2021				
	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Stocks and exchange traded funds	\$ 929,395	\$ -	\$ -	\$ 929,395
Mutual funds	210,502	-	-	210,502
	<u>\$ 1,139,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,139,897</u>

Fair value is defined by generally accepted accounting principles as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

In addition to defining fair value, accounting standards establish a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - inputs are unadjusted quoted market prices in active markets for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - inputs to the valuation methodology include:

- quoted prices for similar assets and liabilities in active markets
- quoted prices for identical or similar assets and liabilities in markets that are not active
- other inputs that are observable or can be corroborated by observable market data
- inputs that are derived from or corroborated by observable market data by correlation or other means

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Level 3 - inputs are generally unobservable and significant to the fair value measurement. Such inputs typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability, including certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

9. AVAILABILITY AND LIQUIDITY

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities with donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure financial assets to be available as its general expenditures, liabilities and other obligations come due. The following represents the liquid portion of the Organization's financial assets at year-end:

Financial assets at year-end

	2022	2021
Cash and cash equivalents	\$ 2,184,526	\$ 2,636,396
Deposits held by others	126,699	197,448
Cash advances in the field	200,657	476,324
Marketable securities	<u>674,369</u>	<u>1,139,897</u>
Net financial assets	3,186,251	4,450,065
Less amounts not available to be used within one year unless donor restriction has been met		
Net assets with donor restrictions	<u>558,202</u>	<u>1,329,698</u>
Financial assets available to meet general expenditures over the next 12 months	\$ <u>2,628,049</u>	\$ <u>3,120,367</u>

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