DLK Darrell L. Keller, CPA, PA

# ZOLA LEVITT MINISTRIES, INC.

# AUDITED FINANCIAL STATEMENTS

# DECEMBER 31, 2023

(704) 739-0771

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Zola Levitt Ministries, Inc.
Dallas, Texas

**Opinion**

We have audited the accompanying financial statements of Zola Levitt Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Zola Levitt Ministries, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Zola Levitt Ministries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter**

As discussed in Note 16 to the financial statements, in 2023, the Organization adopted FASB ASC-326, *Allowances for Credit Losses*.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Zola Levitt Ministries, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Darrell L Keller, CPA, PA

Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina

September 24, 2024

ZOLA LEVITT MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 966,406 | $ 24,683 | $ 991,089 |
| Investments-Mutual Funds | 1,467,720 | - | 1,467,720 |
| Inventory | 130,592 | - | 130,592 |
| Loan Receivable-TEI, Inc. | 80,547 | - | 80,547 |
| Investments-TEI, Inc. | 6,008 | - | 6,008 |
| Right of Use Leased Asset | 272,581 | - | 272,581 |
| Equipment and leasehold improvements less accumulated depreciation of $35,182 | 4,001 | - | 4,001 |
| Total Assets | $ 2,927,855 | $ 24,683 | $ 2,952,538 |
| LIABILITIES AND NET ASSETS | | | |
| Liabilities: | | | |
| Sales tax payable | $ (44) | $ - | $ (44) |
| Accounts payable and accrued expenses | 317,288 | 24,683 | 341,971 |
| Lease Liability | 272,581 | - | 272,581 |
| Total liabilities | 589,825 | 24,683 | 614,508 |
| Net assets: | | | |
| Without Donor Restrictions | 2,338,030 | - | 2,338,030 |
| With Donor Restrictions | - | - | - |
| Total net assets | 2,338,030 | - | 2,338,030 |
| Total liabilities and net assets | $ 2,927,855 | $ 24,683 | $ 2,952,538 |

The Accompanying Notes are an Integral Part of these Financial Statements.

# ZOLA LEVITT MINISTRIES, INC.
## STATEMENT OF ACTIVITIES
## YEAR ENDED DECEMBER 31, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Public support and revenue: | | | |
| Public support: | | | |
| Contributions | $ 2,284,202 | $ - | $ 2,284,202 |
| Estate and Bequests Income | 379,891 | - | 379,891 |
| Books, DVDs, CDs | 150,668 | - | 150,668 |
| Institute in Jewish-Christian Studies | 6,407 | - | 6,407 |
| Royalties | 2,923 | - | 2,923 |
| Investment return-net | 58,892 | - | 58,892 |
| Other | 1,531 | - | 1,531 |
| Net assets released from restriction | - | - | - |
| Total revenues | 2,884,514 | - | 2,884,514 |
| Program Services | | | |
| Production Costs | 2,790,959 | - | 2,790,959 |
| Supporting Services | | | |
| Management and general | 581,617 | - | 581,617 |
| Fundraising | 31,718 | - | 31,718 |
| Functional expenses | 3,404,294 | - | 3,404,294 |
| Realized gain (loss) on sale of investments | (296) | - | (296) |
| Unrealized gain (loss) on investments | 143,927 | - | 143,927 |
| | 143,631 | - | 143,631 |
| Change in net assets | (376,149) | - | (376,149) |
| Net assets: | | | |
| Beginning | 2,714,179 | - | 2,714,179 |
| Ending | $ 2,338,030 | $ - | $ 2,338,030 |

The Accompanying Notes are an Integral Part of these Financial Statements.

ZOLA LEVITT MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

| | Program Services | Supporting Services | | |
|---|---|---|---|---|
| | Production Costs | Management and General | Fundraising | Total Expenses |
| Salaries, taxes, and benefits | $ 98,758 | $ 312,733 | $ - | $ 411,491 |
| Employee benefits | - | - | - | - |
| Total salaries and related expenses | 98,758 | 312,733 | - | 411,491 |
| Production-airtime | 1,293,124 | - | 24,980 | 1,318,104 |
| Production-Newsletters | 506,301 | - | 6,738 | 513,039 |
| Production-DVDs | 753,135 | - | - | 753,135 |
| Production-Website | 54,528 | - | - | 54,528 |
| Production-Contract Labor | 20,987 | - | - | 20,987 |
| Social Media | 8,964 | - | - | 8,964 |
| Books, DVDs, CDs | 49,532 | - | - | 49,532 |
| Royalties and permissions | 5,630 | - | - | 5,630 |
| Internet | - | 19,453 | - | 19,453 |
| Advertising and Marketing | - | 4,562 | - | 4,562 |
| Office expense | - | 11,016 | - | 11,016 |
| Printing | - | 41,176 | - | 41,176 |
| Postal, shipping, and mailing service | - | 20,914 | - | 20,914 |
| Travel and Meetings | - | 10,719 | - | 10,719 |
| Professional services | - | 4,094 | - | 4,094 |
| Telephone | - | 4,364 | - | 4,364 |
| Answering service | - | 10,847 | - | 10,847 |
| Insurance | - | 3,946 | - | 3,946 |
| Rent | - | 77,979 | - | 77,979 |
| Bank charges/credit card fees | - | 31,183 | - | 31,183 |
| Repairs & maintenance | - | 1,000 | - | 1,000 |
| Dues and memberships | - | 4,903 | - | 4,903 |
| Taxes-general | - | 5,158 | - | 5,158 |
| Tour expenses | - | 3,815 | - | 3,815 |
| Audit | - | 10,525 | - | 10,525 |
| Miscellaneous | - | 561 | - | 561 |
| Total expenses before depreciation | 2,790,959 | 578,948 | 31,718 | 3,401,625 |
| Depreciation | - | 2,669 | - | 2,669 |
| Total expenses | $ 2,790,959 | $ 581,617 | $ 31,718 | $ 3,404,294 |

The Accompanying Notes are an Integral Part of these Financial Statements.

# ZOLA LEVITT MINISTRIES, INCORPORATED
## STATEMENT OF CASH FLOWS
### FOR THE YEAR ENDED DECEMBER 31, 2023

| | |
|---|---|
| Cash Flows From Operating Activities: | |
| Expenses (Over) Under Revenues | $ (376,149) |
| Adjustments to Reconcile Expenses Over Revenues to Net Cash Provided by (Used by) Operating Activities: | |
| Depreciation | 2,669 |
| Unrealized losses (gains) on investments | (143,927) |
| (Increase) Decrease in Inventory | 10,106 |
| Increase (Decrease) in Sales Tax Payable | (264) |
| Increase (Decrease) in Accounts Payable | 78,167 |
| Total Adjustments | (53,249) |
| Net Cash Provided by (Used by) Operations | (429,398) |
| Cash Flows From Investing Activities: | |
| Proceeds from Stock Sale | 4,665 |
| Purchase of Stocks | (160,255) |
| Earnings on Investments | (108,417) |
| Additional Investment in Subsidiary | (50,000) |
| Loan to Subsidiary | - |
| (Income) Loss from subsidiary | 49,525 |
| Net Cash Provided by (Used by) Investments | (264,482) |
| Beginning Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents | 1,684,969 |
| Ending Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents | $ 991,089 |

The accompanying footnotes are an integral part of the financial statements.

## Note 1. SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES

### Reporting Entity

Zola Levitt Ministries, Inc. (the "Organization") is a non-profit organization organized in Texas that receives donations and gifts from the general public and performs ministerial duties in proclamation of the Christian Gospel. The Ministry is supported primarily through donor contributions, which accounts for 90% of its revenue. It was determined to be a non-profit by the Internal Revenue Service and is governed by a volunteer Board of Directors. The Organization is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an entity that is not a private foundation within the meaning of section 509(a) and contributions to the Organization are tax-deductible within the limitations prescribed by law.

### Organizational Mission Statement

The mission of the Organization is to proclaim the Gospel of Jesus Christ through production of a Bible teaching television program that emphasizes the Jewish roots of Christianity, the continuing significance of Israel to prophecy fulfillment, and the chosen people's role in God's eternal plan.

### Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Under those standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a statement of cash flows. The Organization uses the accrual method of accounting. Under this method, revenue is recognized when earned, and expenses are recognized when incurred.

### Use of Estimates

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

Significant estimates include allowance for uncollectible accounts receivable, depreciation, and contingencies.

### Income Taxes

The Ministry is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

The Ministry owns 100% of a Subchapter S Corporation. Earnings on this investment generate unrelated business income which is subject to unrelated business income tax (UBIT). The Ministries Form 990-T, Exempt Organization Business Income Tax Return shows the subsidiary had a loss for the current year.

The financial accounting standards board issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain tax positions that require recognition in the financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of demand deposits in banks, cash on hand, and deposits in money market accounts. Restricted Cash is donor restricted cash that has yet to be released from restriction.

Investments

Investments with readily determinable fair values 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 net assets without donor restrictions 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. The fair value of all available-for-sale marketable securities has been measured on a recurring basis using Level 1 inputs. There were no changes in valuation methodologies and related inputs used at December 31, 2023.

Fair Value Measurements

FASB ASC 820-10 regarding fair value measurements clarifies the definition of fair value for financial reporting and establishes a three-tier hierarchy as a framework for measuring fair value which requires an entity to give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements. Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date.

The three levels of the fair value hierarchy under this standard are as follows:

- Level 1 - Inputs are unadjusted quoted prices for identical instruments in active markets.
- Level 2 - Inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets.
- Level 3 - Inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Property and Equipment

The Organization capitalizes property and equipment if its value is over $5,000 and its useful life is more than one year. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value on the date of the gift. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty-nine years. Management annually reviews these assets to determine whether carrying values have been impaired.

Net Asset Classifications

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increase in net assets without donor restrictions if the restrictions expire in the same fiscal year in which the contributions are recognized.

Revenue Recognition

The Organization adopted the requirements of Financial Accounting Standards Board's Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09), during a prior fiscal year. The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Contributions are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

The Organization generally pays for services requiring specific expertise. Other individuals volunteer their time and perform a variety of tasks that assist the Organization carrying out its fundraising and special programs, but these services do not meet the criteria for recognition as contributed services. The Organization receives less than 50 volunteer hours per year.

Functional Allocation of Expenses

For functional expense allocations, salaries and related expenses are allocated to the various programs and supporting services based on estimated time the employees spend on each function. The remaining expenses are specifically allocated whenever practical or are allocated based on salaries or space utilization.

Advertising

The Organization expenses advertising costs as incurred. Shipping and handling costs are recorded as production costs if they relate to the sale of inventory. Shipping and handling costs that relate to general operations are recorded as management and general expenses. These costs are immaterial to the financial statements as a whole.

Concentration of Credit Risk

The Organization maintains demand deposits at one bank in Texas which are secured by the Federal Deposit Insurance Corporation. At December 31, 2023 the deposits had a carrying value of $336,235 and a bank balance of $276,099, of this amount $250,000 was covered by FDIC. Management does not consider this concentration to be a significant risk.

The Organization maintains a money market mutual fund account with Vanguard Financial Services. The carrying value of the account at December 31, 2023 was $654,854. This amount is not insured. Management does not consider this to be a significant risk. It is valued at Level 1 of the fair value hierarchy as shown in note 2.

The Organization has petty cash on hand of $469.

Note 2. FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2023 are as follows:

| Investments: | Fair Value | Level 1 |
|---|---|---|
| Vanguard Federal MM Fund | $654,854 | $654,854 |
| Vanguard Ext. Mkt. Index | 142,081 | 142,081 |
| Vanguard STAR Fund | 1,311,489 | 1,311,489 |
| Vanguard | 14,150 | 14,150 |
| | 2,122,574 | 2,122,574 |

INVESTMENT IN EQUITY SECURITIES

The Ministry owns one-hundred percent of a subchapter S corporation. This investment in equity securities is accounted for using the cost method. The fair value of a cost method investment is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value. The Ministry has not estimated the fair value of this investment because it is not practicable to do so and there have been no such identified events.

The value as of January 1, 2023 was $5,533 and a realized loss of $49,525 and additional capital investment of $50,000 was recognized during the year for a total value as of December 31, 2023 of $6,008.

Note 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

| | 12/31/2023 |
|---|---|
| Financial Assets at Year-End | $ 2,589,401 |
| Less those available for general expenditure within one year, due to: | |
| Donor Restricted: | |
| Donated to Ministry for other Ministries | (24,683) |
| Unavailable to management without Board approval | |
| Board designated Quasi-Endowment | - |
| Financial assets available to meet cash needs for general expenditure within one year | $ 2,564,718 |

Note 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

| | | 12/31/2023 |
|---|---|---|
| Machinery and equipment | $ | 15,274 |
| Office Equipment | | 23,909 |
| Less Accumulated Depreciation | | (35,182) |
| Net Property and Equipment | $ | 4,001 |

Depreciation Expense for December 31, 2023 was $2,669.

Note 5. INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined using the first in, first out (FIFO) method. The value of inventories using the FIFO method is $130,592. Inventories include ministerial supplies such as books, tapes, albums, and cassettes.

Note 6. RELATED PARTY TRANSACTIONS

Travel Experience International is a for profit corporation that is owned by the ministry. The purpose of the corporation is to conduct tours of the Holy Land. During 2023 the Ministry was reimbursed $87,906 for expenses paid on behalf of Travel Experience International. These expenses consisted primarily of charges for advertising during broadcast time of the national weekly program and shared rental space.

Note 7. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at December 31, 2023:

| | | 12/31/2023 |
|---|---|---|
| Undesignated | $ | 2,334,029 |
| Fixed Assets | | 4,001 |
| Total net assets without donor restrictions | $ | 2,338,030 |

Note 8. NET ASSETS WITH DONOR RESTRICTIONS

The Organization does not currently have net assets with donor restrictions.

## Note 9. RESTRICTED ACCOUNTS PAYABLE

The Organization accepts contributions that are passed through to other Organizations. This is not considered revenue to the Ministry.

| | 12/31/2023 |
|---|---|
| Donor restricted to: | |
| Good News | $ 2,516 |
| Israeli Tree Fund | 80 |
| Temple Mount Fund | 55 |
| To The Jew First Fund | 22,032 |
| | $ 24,683 |

## Note 10. UNRESTRICTED ACCOUNTS PAYABLE AND ACCRUED EXPENSES

| | 12/31/2023 |
|---|---|
| Operating accounts payable | $ 265,381 |
| Paid time off | 51,979 |
| Due to TEI | (72) |
| | $ 317,288 |

## Note 11. PAID TIME OFF

Ministry employees earn paid time off based on length of service each year. Unused time rolls over each year and there is no cap of hours carried over. Upon termination, with two weeks' notice, all PTO is paid out to the employee. At December 31, 2023 the amount of paid time off accrued is $51,979.

## Note 12. RETIREMENT PLAN

The Ministry Board of Directors approved adopting a 401(K) Plan effective September 1, 2022. Employees may contribute up to the IRS limit and the ministry matches up to 4%. The Ministry may also make a discretionary profit sharing. The Ministry contributed $11,030 in matching contributions during the current year.

## Note 13. CONTINGENCY

The Ministry Board of Directors approved a resolution stating that in the event of the dissolution of the ministry, all full-time employees will receive one (1) week's pay for every year of service. The amount of the contingency cannot be determined at this time, because this is a future event, and the amount cannot be estimated.

## Note 14. OPERATING LEASE

Beginning in October 2022 the Organization signed a new lease for office space. The lease period is 10/1/22 through 9/30/27. The monthly payment relating to the lease of office space ranges from $6,276 to $6,873. Total lease expense under this contract was $77,979 for the year ending December 31, 2023. The right of use assets and lease liability were calculated based on the present value of future lease payments over the lease term. The Organization has elected to use the borrowing rate of 5%.

Future maturities of the lease liability is as follows:

| | |
|---|---|
| December 31, 2024 | $ 77,547 |
| December 31, 2025 | 79,340 |
| December 31, 2026 | 81,133 |
| December 31, 2027 | 61,859 |
| Total Lease Payments | 299,879 |
| Less Present Value Discount | (27,298) |
| Total Lease Obligations | $ 272,581 |

## Note 15. SUBSEQUENT EVENTS

The Organization has evaluated its financial statements for subsequent events through September 24, 2024, the date the financial statements were available to be issued.

## Note 16. ACCOUNTING STANDARDS ADOPTION

During 2023, the Organization adopted FASB ASC-326*, Allowances for Credit Losses*. This ASC is effective for years beginning after December 31, 2022, which significantly changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured for fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC-326 were accounts receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.