

Ankerberg Theological Research Institute

Financial Statements

Years ended December 31, 2023 and 2022

With Independent Auditors' Report

Ankerberg Theological Research Institute

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Independent Auditors' Report

To the Board of Directors of
Ankerberg Theological Research Institute

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ankerberg Theological Research Institute, (the "Institute"), which comprise the statements of financial position as of December 31, 2023 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as of December 31, 2023, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern within one year after the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute'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 the Institute'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.

Other Matter - Prior Year Financial Information

The financial statements of the Institute as of December 31, 2022 and for the year then ended were audited by other auditors. Those auditors' report dated July 19, 2023 expressed an unqualified opinion on those statements.

Smith and Howard

Chattanooga, Tennessee
July 30, 2024

Ankerberg Theological Research Institute

Statement of Financial Position

As of December 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 484,721	\$ 50,500	\$ 535,221
Investments	1,090,245	-	1,090,245
Accounts receivable - related party	316,488	-	316,488
Employee receivable	14,851	-	14,851
Inventory	3,562	-	3,562
Prepaid expenses	224,628	-	224,628
Land, property, and equipment, net	2,427,770	-	2,427,770
Right-of-use asset - operating	64,107	-	64,107
Right-of-use asset - finance	24,595	-	24,595
Other assets	5,990	-	5,990
Cash surrender value of life insurance, net	213,430	-	213,430
Total Assets	<u>\$ 4,870,387</u>	<u>\$ 50,500</u>	<u>\$ 4,920,887</u>
Liabilities			
Accounts payable	\$ 810,944	\$ -	\$ 810,944
Line of credit	550,000	-	550,000
Accrued expenses	122,029	-	122,029
Operating lease obligation	64,107	-	64,107
Finance lease obligations	10,390	-	10,390
Total Liabilities	<u>1,557,470</u>	<u>-</u>	<u>1,557,470</u>
Net Assets			
Without donor restrictions	3,312,917	-	3,312,917
With donor restrictions	-	50,500	50,500
Total Net Assets	<u>3,312,917</u>	<u>50,500</u>	<u>3,363,417</u>
Total Liabilities and Net Assets	<u>\$ 4,870,387</u>	<u>\$ 50,500</u>	<u>\$ 4,920,887</u>

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

Ankerberg Theological Research Institute

Statement of Financial Position

As of December 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 4,642,817	\$ 50,500	\$ 4,693,317
Certificate of deposit	235,864	-	235,864
Accounts receivable	1,205	-	1,205
Accounts receivable - related party	24,733	-	24,733
Employee receivable	19,052	-	19,052
Inventory	3,113	-	3,113
Prepaid expenses	326,163	-	326,163
Land, property, and equipment, net	2,622,806	-	2,622,806
Right-of-use asset - operating	25,074	-	25,074
Right-of-use asset - finance	33,415	-	33,415
Other assets	5,991	-	5,991
Cash surrender value of life insurance, net	198,554	-	198,554
Total Assets	<u>\$ 8,138,787</u>	<u>\$ 50,500</u>	<u>\$ 8,189,287</u>
Liabilities			
Accounts payable	\$ 156,377	\$ -	\$ 156,377
Accrued expenses	116,067	-	116,067
Operating lease obligation	25,074	-	25,074
Finance lease obligations	25,357	-	25,357
Total Liabilities	<u>322,875</u>	<u>-</u>	<u>322,875</u>
Net Assets			
Without donor restrictions	7,815,912	-	7,815,912
With donor restrictions	-	50,500	50,500
Total Net Assets	<u>7,815,912</u>	<u>50,500</u>	<u>7,866,412</u>
Total Liabilities and Net Assets	<u>\$ 8,138,787</u>	<u>\$ 50,500</u>	<u>\$ 8,189,287</u>

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

Ankerberg Theological Research Institute

Statement of Activities and Changes in Net Assets

For the year ended Decemeber 31, 2023

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions	\$ 6,705,456	\$ -	\$ 6,705,456
Interest income	9,809	-	9,809
Royalty income	3,476	-	3,476
Net investment income	67,379	-	67,379
Total Revenues, Gains and Other Support	<u>6,786,120</u>	<u>-</u>	<u>6,786,120</u>
Expenses			
Program services	9,104,611	-	9,104,611
Supporting services			
Management and general	1,810,025	-	1,810,025
Fundraising	366,400	-	366,400
Total Expenses	<u>11,281,036</u>	<u>-</u>	<u>11,281,036</u>
Other Changes			
Loss on disposal of property and equipment	8,079	-	8,079
Total Other Changes	<u>8,079</u>	<u>-</u>	<u>8,079</u>
Change in Net Assets	(4,502,995)	-	(4,502,995)
Net Assets, Beginning of Year	<u>7,815,912</u>	<u>50,500</u>	<u>7,866,412</u>
Net Assets, End of Year	<u>\$ 3,312,917</u>	<u>\$ 50,500</u>	<u>\$ 3,363,417</u>

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

Ankerberg Theological Research Institute

Statement of Activities and Changes in Net Assets

For the year ended Decemeber 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 8,576,428	\$ -	\$ 8,576,428
Interest income	48	-	48
Royalty income	3,163	-	3,163
Other income	676	-	676
Total Revenues, Gains and Other Support	<u>8,580,315</u>	<u>-</u>	<u>8,580,315</u>
Expenses			
Program services	6,336,869	-	6,336,869
Supporting services			
Management and general	1,167,375	-	1,167,375
Fundraising	471,799	-	471,799
Total Expenses	<u>7,976,043</u>	<u>-</u>	<u>7,976,043</u>
Change in Net Assets	604,272	-	604,272
Net Assets, Beginning of Year	<u>7,211,640</u>	<u>50,500</u>	<u>7,262,140</u>
Net Assets, End of Year	<u>\$ 7,815,912</u>	<u>\$ 50,500</u>	<u>\$ 7,866,412</u>

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

Ankerberg Theological Research Institute

Statement of Functional Expenses

For the year ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 1,046,900	\$ 625,218	\$ 229,199	\$ 1,901,317
Payroll taxes	97,028	32,343	5,391	134,762
Employee benefits	215,764	71,921	11,987	299,672
Missionary Outreach	2,230,351	-	-	2,230,351
TV Production	3,726,966	-	-	3,726,966
Printing and promotional	268,686	-	25,200	293,886
Accounting	-	84,167	-	84,167
Legal	-	550,698	-	550,698
Depreciation	213,660	63,521	11,549	288,730
Interest	7,175	6,352	-	13,527
Insurance	27,512	-	-	27,512
Occupancy	69,614	69,614	-	139,228
Office expenses	162,275	162,274	-	324,549
Dues and subscriptions	-	50,700	-	50,700
Conferences and conventions	121,760	16,742	13,698	152,200
Travel	391,873	53,882	44,086	489,841
Bank charges and credit card	73,936	7,717	-	81,653
Telephone and computer	140,802	-	-	140,802
Postage and shipping	87,030	12,255	25,140	124,425
Contract services	194,900	-	-	194,900
Equipment rental	28,379	-	-	28,379
Licenses and taxes	-	-	150	150
Repairs and maintenance	-	2,621	-	2,621
Total expenses	<u>\$ 9,104,611</u>	<u>\$ 1,810,025</u>	<u>\$ 366,400</u>	<u>\$ 11,281,036</u>

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

Ankerberg Theological Research Institute

Statement of Functional Expenses

For the year ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 930,699	\$ 545,894	\$ 261,631	\$ 1,738,224
Payroll taxes	65,785	39,246	17,717	122,748
Employee benefits	87,659	29,220	4,871	121,750
Missionary Outreach	1,369,495	-	-	1,369,495
TV Production	2,130,081	-	-	2,130,081
Printing and promotional	224,432	-	84,413	308,845
Accounting	-	70,331	-	70,331
Legal	-	49,717	-	49,717
Depreciation	210,032	56,008	14,002	280,042
Interest	1,498	473	-	1,971
Insurance	29,886	-	-	29,886
Occupancy	73,033	87,668	-	160,701
Office expenses	117,537	117,537	-	235,074
Dues and subscriptions	-	56,640	-	56,640
Conferences and conventions	52,347	7,198	5,889	65,435
Travel	548,315	75,393	61,685	685,393
Bank charges and credit card	92,239	12,192	-	104,431
Telephone and computer	117,834	-	-	117,834
Postage and shipping	73,805	10,059	21,590	105,454
Contract services	179,072	-	-	179,072
Equipment rental	33,120	-	-	33,120
Licenses and taxes	-	4,018	-	4,018
Repairs and maintenance	-	5,781	-	5,781
Total expenses	<u>\$ 6,336,869</u>	<u>\$ 1,167,375</u>	<u>\$ 471,799</u>	<u>\$ 7,976,043</u>

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

Ankerberg Theological Research Institute

Statements of Cash Flows

For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Operating activities		
Change in net assets	\$ (4,502,995)	\$ 604,272
Adjustments to reconcile change in net assets to net cash provided (required) by operating activities:		
Depreciation	288,730	280,042
Net realized and unrealized gain on investments	(67,379)	-
Loss on disposal of property and equipment	8,079	-
Changes in operating assets and liabilities:		
Certificate of deposit	235,864	-
Accounts receivable	1,205	9,482
Accounts receivable - related party	(291,755)	-
Employee receivable	4,201	-
Inventory	(449)	5,208
Prepaid expenses	101,535	64,538
Cash surrender value of life insurance	(12,726)	(66,183)
Accounts payable and accrued expenses	660,529	(18,325)
Net cash required by operating activities	<u>(3,575,161)</u>	<u>879,034</u>
Investing activities		
Long-term note receivable	-	(19,051)
Purchases of property and equipment	(92,953)	(158,158)
Payments of life insurance premiums	(2,150)	-
Purchases of investments	(1,022,865)	-
Net cash required by investing activities	<u>(1,117,968)</u>	<u>(177,209)</u>
Financing activities		
Net proceeds from line of credit	550,000	-
Payments on finance lease obligations	(14,967)	(14,999)
Net cash provided (required) by financing activities	<u>535,033</u>	<u>(14,999)</u>
Net Change in Cash and Cash Equivalents	(4,158,096)	686,826
Cash, Beginning of Year	<u>4,693,317</u>	<u>4,006,491</u>
Cash, End of Year	<u>\$ 535,221</u>	<u>\$ 4,693,317</u>
Cash paid for:		
Interest	<u>\$ 11,945</u>	<u>\$ 1,971</u>
Noncash financing transactions	<u>\$ -</u>	<u>\$ 13,478</u>

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

Ankerberg Theological Research Institute

Notes to Financial Statements

December 31, 2023 and 2022

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities:

The Ankerberg Theological Research Institute (the "Institute") is a nonprofit corporation organized under the laws of the State of Tennessee on June 1, 1982. The Institute produces the John Ankerberg Show which is an international television and media ministry committed to defending the Christian faith. The Institute is supported primarily by donor contributions.

Basis of Presentation:

The Institute's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America which require that the Institute report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. While the Board of Directors can designate net assets without donor restrictions, there were no board designated net assets as of December 31, 2023 and 2022.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Net assets with donor restrictions totaled \$50,500 as of December 31, 2023 and 2022, respectively.

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Income Taxes:

The Institute is a nonprofit corporation in the state of Tennessee and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Revenue Recognition:

Contributions are recognized as revenue in the year they are received or pledged. Contributions are recognized when a donor makes a promise to give to the Institute that is, in substance, unconditional. Contributions that are restricted by the donor are recorded as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with or without donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions.

Ankerberg Theological Research Institute

Notes to Financial Statements

December 31, 2023 and 2022

Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

The Institute's policy is to accrue amounts expected to be paid to Faith Comes By Hearing in conjunction with contributions that have been received by the Institute. These donations are not restricted and the Institute makes these payments to Faith Coms By Hearing at their discretion. As of December 31, 2023 and 2022, the Institute has accrued \$187,040 and \$0, respectively, that was related to contributions received at the end of December 2023. The Institute has accrued an additional \$333,000 and \$0 as of December 31, 2023 and December 31, 2022, respectively, related to other payments expected to be paid to Faith Comes By Hearing in the future that are not related to contributions received by donors.

Two donors of the Institute contributed \$620,000 throughout the year and both have authorized these donations to cover all expenses including but not limited to travel. These donations were received in 2023 and are included in contribution income.

Functional Allocation of Expenses:

The costs of providing programs, other activities and supporting services have been summarized on a functional basis in the accompanying statements of activities and functional expense. Accordingly, certain costs have been allocated among the program and supporting services benefited. Personnel costs have been allocated based on estimates of time and effort. The statement of functional expenses presents the natural classification detail of expenses by function. The method of allocation has been determined by management.

Fair Value Measurements:

Investments are carried at fair value in accordance with FASB Accounting Standards Codification (ASC) 958, Investments – Debt and Equity Securities for Not-for-Profit Organizations. Under FASB ASC 820, Fair Value Measurements and Disclosures, measurements are disclosed by level within the fair value hierarchy.

Basis of Fair Value Measurement:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access at the measurement date.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All of the Institute's investments are Level 1 investments.

Concentrations of Credit Risk:

The Institute maintains its cash in bank deposit accounts, which, at times, may exceed FDIC insured limits. The Institute has not experienced any losses in such accounts. The Institute believes it is not exposed to any significant credit risk on cash and cash equivalents.

For the years ended December 31, 2023 and 2022, there were no significant donors who individually donated over 10 percent of the Institute's total support and revenue.

Ankerberg Theological Research Institute

Notes to Financial Statements

December 31, 2023 and 2022

Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents:

Cash and cash equivalents include cash and highly liquid investments that are readily convertible, unless restricted by the donor. Restricted cash and cash equivalents totaled \$50,500 as of December 31, 2023 and 2022, respectively.

Investments:

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Investment income is reported net of investment fees.

Accounts Receivable:

Receivables are recorded when billed or advanced and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of allowance for doubtful accounts, represents their estimated net realizable value.

Management reviews receivables periodically and provides for an estimated allowance for doubtful accounts. All accounts or portions thereof deemed to be uncollectible are written off. Management considers all accounts receivable to be fully collectible; therefore, no allowance for doubtful accounts is presented.

Inventory:

Inventory consists of books, audio and videotapes, and other various materials that are offered as premiums to donors. This inventory is recorded at lower of cost or net realizable value, generally on a first-in, first-out basis.

Land, property and equipment:

Land, property and equipment are stated at historical cost or fair market value at the date of the gift, if donated. The cost of property and equipment purchased in excess of \$2500 is capitalized. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Building and building improvements	5 - 39 years
Equipment	5 - 7 years
Furniture and fixtures	5 - 7 years

Ankerberg Theological Research Institute

Notes to Financial Statements

December 31, 2023 and 2022

Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

Life Insurance:

The Institute is the beneficiary of two insurance policies on the life of the President. At December 31, 2023 and 2022, the face value (death benefit) of these policies totaled \$1,100,000. The cash surrender value of the officers' life insurance is stated at fair value based on calculations made by their insurer. The value for the years ended December 31, 2023 and 2022 totaled \$213,430 and \$198,554 respectively.

Insurance premiums paid totaled \$2,150 at December 31, 2023 and 2022. Changes in the fair value of the life insurance policies totaled \$14,876 and \$141,491 at December 31, 2023 and 2022, respectively.

Postage and Shipping:

Shipping and handling costs are included as a component of postage and shipping. The postage and shipping costs for the years ended December 31, 2023 and 2022 totaled \$124,425 and \$105,453, respectively.

TV Production Costs:

The costs to produce the John Ankerberg Show are expensed when incurred.

Reclassifications:

Certain balances in the 2022 financial statements and footnotes were reclassified to conform with the 2023 financial presentation.

Note 2. Recently Adopted Accounting Pronouncement

Effective January 1, 2023, the Institute adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses*. The ASU introduces a “current expected credit loss” (CECL) model which requires all expected credit losses for financial instruments held at the reporting date to be based on historical experience, current conditions, and reasonable supportable forecasts. The CECL model replaces the existing incurred loss method and is applicable to the measurement of credit losses of financial assets. 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 Institute that are subject to the guidance in FASB ASC 326 were accounts receivable. The impact of the adoption was not considered material to the financial statements.

Ankerberg Theological Research Institute

Notes to Financial Statements

December 31, 2023 and 2022

Note 3. Liquidity and Availability

The Institute regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Institute has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and a line of credit (see Note 8). The Institute's goal is generally to maintain financial assets to meet sixty days of operating expenses which is approximately \$1,000,000 based on the current budget.

As of December 31, 2023 and 2022, the following table represents the total financial assets held by the Institute and the amounts of those financial assets not available to be used for general expenditures within one year:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 535,221	\$ 4,693,317
Certificate of deposit	-	235,864
Investments	1,090,245	5,991
Accounts and notes receivable - current portion	320,688	29,458
Total financial assets	<u>1,946,154</u>	<u>4,964,630</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>50,500</u>	<u>50,500</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,996,654</u>	<u>\$ 5,015,130</u>

Note 4. Restricted Bank Account

A donor contributed to the Ankerberg Theological Research Institute, with the restriction the funds be used for the Discipleship Program and other donor restricted purposes. A separate checking account was opened per the donor's instructions. The balance in the separate checking account for the Discipleship Program totaled \$50,500 as of December 31, 2023 and 2022, respectively.

Note 5. Investments

Investments consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<u>Investments at fair value</u>		
Domestic fixed income	\$ 1,009,958	\$ -
International fixed income	80,287	-
Total investments	<u>\$ 1,090,245</u>	<u>\$ -</u>

Ankerberg Theological Research Institute

Notes to Financial Statements

December 31, 2023 and 2022

Note 5. Investments, Continued

The following schedule summarizes the investment returns and their classification in the statements of activities for the year ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Realized and unrealized gains (losses) on investments	\$ 76,500	\$ -
Investment management fees	<u>(9,121)</u>	<u>-</u>
Total net investment income	<u>\$ 67,379</u>	<u>\$ -</u>

Note 6. Related Parties and Receivables

The Ankerberg Theological Research Institute has reimbursed board members and key officers \$554,832 for travel in 2023. The Board has approved this reimbursement.

For the years ended December 31, 2023 and 2022, Ankerberg Theological Research Institute had transactions with The John Ankerberg Show Canada in which two of its board members are also board members of Ankerberg Theological Research Institute. Additionally, the Institute had accounts receivable from The John Ankerberg Show Canada of \$70,923 and \$0 as of December 31, 2023 and 2022 respectively.

The Institute also had accounts receivable from a related party who is a board member that is comprised of current working capital owed to the Institute. Related party amounts due to the Institute totaled \$316,488 and \$24,733, respectively, as of December 31, 2023 and 2022. The accounts receivable was paid in full from the related party to the Institute in March 2024.

Note 7. Land, Property and Equipment, net

	<u>2023</u>	<u>2022</u>
Land	\$ 194,799	\$ 194,799
Land improvements	50,359	50,359
Vehicles	52,991	52,991
Buildings	2,119,151	2,066,847
Equipment, furniture and fixtures	1,205,731	1,901,245
Leasehold improvements	<u>704,001</u>	<u>704,001</u>
	4,327,032	4,970,242
Less accumulated depreciation	<u>(1,899,262)</u>	<u>(2,347,436)</u>
	<u>\$ 2,427,770</u>	<u>\$ 2,622,806</u>

Note 8. Line of Credit

In February 2023, the Institute opened a line of credit with a bank for \$1,000,000 that had a variable interest rate of 7.96% as of December 31, 2023. The line of credit balance was \$550,000 as of December 31, 2023. There is no maturity date on the line of credit. The line of credit is collateralized by the Institute's investments.

Ankerberg Theological Research Institute

Notes to Financial Statements

December 31, 2023 and 2022

Note 9. Leasing Activities

Right-of-use assets represent the Institute's right to use an underlying asset for the lease term and lease obligations represent the Institute's obligation to make lease payments arising from the lease. Lease obligations are recognized at the commencement date based on the present value of lease payments over the lease term. Right-of-use assets are recognized at the commencement date as the initial measurement of the lease liability, plus payments made prior to lease commencement and any initial direct costs. As most of the Institute's leases do not provide an implicit rate, the Institute uses the risk-free rate of return based on information available at the commencement date in determining the present value of lease payments. The Institute's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Institute will exercise that option. Expense is recognized on a straight-line basis over the lease term for operating leases. The Institute recognizes short-term leases on a straight-line basis and does not record a related right-of-use asset or lease obligation for such contracts.

Operating Lease Agreement:

The Institute leases mailing equipment under a noncancellable operating lease. The agreement expires on December 31, 2026. Future minimum operating lease obligation as of December 31, 2023 are as follows:

Year ending:

December 31, 2024	\$ 22,884
December 31, 2025	22,884
December 31, 2026	<u>22,884</u>
	68,652
Amount representing interest	<u>(4,545)</u>
Present value of net minimum lease payments - operating lease	<u>\$ 64,107</u>

The lease cost and certain other information during the year ended December 31, 2023 is as follows:

Lease Cost

Finance lease cost	
Amortization of ROU assets	\$ 8,821
Interest on lease liabilities	<u>1,582</u>
Total finance lease cost	10,403
Total operating lease cost	<u>22,884</u>
Total lease expense	<u>\$ 33,287</u>

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Notes to Financial Statements

December 31, 2023 and 2022

Note 9. Leasing Activities, Continued

Finance Lease Agreements:

The Institute has finance lease agreements to lease copiers. The lease term for the copiers is 36 months each with a monthly payments ranging from \$421 to \$478. Future minimum finance lease commitments as of December 31, 2023 are as follows:

Year ending:

December 31, 2024	\$	6,500
December 31, 2025		4,642
		<u>11,142</u>
Amount representing interest		<u>(752)</u>
Present value of net minimum lease payments - finance leases	\$	<u>10,390</u>

Other Information

Operating cash outflows from finance leases (i.e. interest)	\$	1,582
Financing cash outflows from finance leases (i.e. principal portion)	\$	14,967
Operating cash outflows from operating leases	\$	22,884
Weighted average remaining lease term in years for finance leases		2.0
Weighted average remaining lease term in years for operating leases		3.0
Weighted average discount rate for finance leases		7.94%
Weighted average discount rate for operating leases		4.5%

The book value of the copier leases under the finance lease obligations totaled \$24,595 and \$33,416 as of December 31, 2023 and 2022, respectively.

Note 10. Subsequent Events

The Institute has evaluated subsequent events through July 30, 2024, the date the financial statements were available to be issued.