

THE PSALM 119 ASSOCIATION INC.

Financial Statements
and
Independent Auditor's Report

June 30, 2023 and 2022

THE PSALM 119 ASSOCIATION INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Psalm 119 Association Inc.

Qualified Opinion

We have audited the accompanying financial statements of The Psalm 119 Association Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The Psalm 119 Association Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We did not obtain sufficient appropriate audit evidence regarding the amount recognized as donor-restricted net assets. Amounts prior to June 30, 2019 lacked sufficient documentation at the time the audit was completed.

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 my report. We are required to be independent of The Psalm 119 Association Inc. (the Association) 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 qualified audit opinion.

Prior Period Financial Statements

The financial statements of The Psalm 119 Association Inc. as of and for the year ended June 30, 2022 were audited by other auditors whose report dated March 25, 2023 expressed a qualified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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 the Association'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 Organization'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.

H&CO, LLP

Orlando, Florida
November 15, 2023

THE PSALM 119 ASSOCIATION INC.

Statement of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 431,352	\$ 409,075
Unconditional Promises to Give	2,075	3,825
Prepaid Expenses	1,121	1,128
Accounts Receivable	-	25,152
Inventory	32,466	85,120
Restricted Cash and Cash Equivalents - Current	35,000	35,000
Total Current Assets	<u>502,014</u>	<u>559,300</u>
Other Assets		
Restricted Cash and Cash Equivalents - Noncurrent	349,908	383,014
Property and Equipment, net of \$6,636 depreciation	200,681	2,300
Investments - Long-Term	609,836	559,814
Intangible Assets:		
Indefinite Life Intangible Assets - Helios GS	188,024	120,416
Indefinite Life Intangible Assets - Helios CT	324,980	304,332
Total Other Assets	<u>1,673,429</u>	<u>1,369,876</u>
Total Assets	<u><u>\$ 2,175,443</u></u>	<u><u>\$ 1,929,176</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities:		
Payroll Liabilities	\$ 2,541	\$ -
Accounts Payable	5,633	5,882
Total Current Liabilities	<u>8,174</u>	<u>5,882</u>
Total Liabilities	8,174	5,882
Net Assets		
Without Donor Restrictions	1,782,361	1,505,280
With Donor Restrictions:		
Helios Projects	384,908	418,014
Total Net Assets	<u>2,167,269</u>	<u>1,923,294</u>
Total Liabilities and Net Assets	<u><u>\$ 2,175,443</u></u>	<u><u>\$ 1,929,176</u></u>

See Accompanying Notes to Financial Statements

THE PSALM 119 ASSOCIATION INC.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenue and Support			
Contributions of Cash and Other Financial Assets:			
Direct Public Support	\$ 683,292	\$ -	\$ 683,292
Donation of Stock Shares	3,088	-	3,088
Contributions of Nonfinancial Assets	5,372	-	5,372
Sales Revenue:			
Helios and Book Sales	5,464	-	5,464
Less: Cost of Goods Sold	3,706	-	3,706
Net Sales Revenue	1,758	-	1,758
Investment Return, Net	29,450		29,450
Miscellaneous Revenue	497		497
Net Assets Released From Restrictions			
Cash Used for Restricted Purpose	33,106	(33,106)	-
Total Net Assets Released From Restriction	33,106	(33,106)	-
Total Revenue and Support	756,563	(33,106)	723,457
Expenses			
Program Services:			
Helios Projects	144,899	-	144,899
Bookstore Ministry	8,988	-	8,988
Speaking Ministry	16,765	-	16,765
Total Program Services	170,652	-	170,652
Supporting Services:			
Management and General	95,708	-	95,708
Fundraising	213,122	-	213,122
Total Supporting Services	308,830	-	308,830
Total Expenses	479,482	-	479,482
Change in Net Assets	277,081	(33,106)	243,975
Net Assets at Beginning of Year	1,505,280	418,014	1,923,294
Net Assets at End of Year	\$ 1,782,361	\$ 384,908	\$ 2,167,269

See Accompanying Notes to Financial Statements

THE PSALM 119 ASSOCIATION INC.

Statement of Activities

For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support			
Contributions of Cash and Other Financial Assets:			
Direct Public Support	\$ 510,435	\$ -	\$ 510,435
Donation of Stock Shares	2,277		2,277
Contributions of Nonfinancial Assets	4,185		4,185
Sales Revenue:			
Helios and Book Sales	34,775	-	34,775
Less: Cost of Goods Sold	30,831	-	30,831
Net Sales Revenue	<u>3,944</u>	<u>-</u>	<u>3,944</u>
Investment Return, Net	(93,609)	-	(93,609)
Miscellaneous Revenue	110	-	110
Net assets released from restrictions			
Cash used for restricted purpose	35,204	(35,204)	-
Total net assets released from restriction	<u>35,204</u>	<u>(35,204)</u>	<u>-</u>
Total Revenue and Other Support	<u>462,546</u>	<u>(35,204)</u>	<u>427,342</u>
Expenses			
Program Services:			
Helios Projects	150,417	-	150,417
Bookstore Ministry	6,260	-	6,260
Speaking Ministry	15,857	-	15,857
Total Program Services	<u>172,534</u>	<u>-</u>	<u>172,534</u>
Supporting Services:			
Management and General	45,333	-	45,333
Fundraising	233,176	-	233,176
Total Supporting Services	<u>278,509</u>	<u>-</u>	<u>278,509</u>
Total Expenses	<u>451,043</u>	<u>-</u>	<u>451,043</u>
Change in Net Assets	11,503	(35,204)	(23,701)
Net Assets at Beginning of Year	1,946,995	-	1,946,995
Prior Period Adjustment (Note 13)	(453,218)	453,218	-
Net Assets at Beginning of Year - Restated	<u>1,493,777</u>	<u>453,218</u>	<u>1,946,995</u>
Net Assets at End of Year	<u>\$ 1,505,280</u>	<u>\$ 418,014</u>	<u>\$ 1,923,294</u>

See Accompanying Notes to Financial Statements

THE PSALM 119 ASSOCIATION INC.

Statement of Functional Expenses

For the Year Ended June 30, 2023

	Program Services			Total Program Services	Management and General	Fund- Raising	Total Supporting Services	Total Functional Expenses
	Helios Projects	Bookstore Ministry	Speaking Ministry					
Salaries	\$ 43,802	\$ 7,475	\$ 12,259	\$ 63,536	\$ 42,157	\$ 43,802	\$ 85,959	\$ 149,495
Fees and Licenses	-	-	-	-	-	14,077	14,077	14,077
Travel	10,083	-	3,275	13,358	3,374	-	3,374	16,732
Marketing	-	-	-	-	5,795	145,110	150,905	150,905
Accounting and Audit Fees	-	-	-	-	26,689	-	26,689	26,689
Legal Expenses	-	-	-	-	1,725	-	1,725	1,725
Insurance	-	-	-	-	1,907	-	1,907	1,907
Bank Service Charges	590	25	-	615	-	1,864	1,864	2,479
Office Supplies	173	302	20	495	2,381	416	2,797	3,292
Resources - Production	7,305	-	-	7,305	-	-	-	7,305
Resources - Distribution	77,480	-	-	77,480	-	-	-	77,480
Printing Costs	-	-	-	-	2,248	3,494	5,742	5,742
Postage	83	301	209	593	-	4,352	4,352	4,945
Inventory Adjustment	-	272	-	272	-	-	-	272
Rent/Parking/Utilities	3,575	613	1,002	5,190	4,440	-	4,440	9,630
Grants to Individuals	1,808	-	-	1,808	-	7	7	1,815
Depreciation Expense	-	-	-	-	4,992	-	4,992	4,992
Total Functional Expenses	<u>\$ 144,899</u>	<u>\$ 8,988</u>	<u>\$ 16,765</u>	<u>\$ 170,652</u>	<u>\$ 95,708</u>	<u>\$ 213,122</u>	<u>\$ 308,830</u>	<u>\$ 479,482</u>

See Accompanying Notes to Financial Statements

THE PSALM 119 ASSOCIATION INC.

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program Services			Total Program Services	Management and General	Fund- Raising	Total Supporting Services	Total Functional Expenses
	Helios Projects	Bookstore Ministry	Speaking Ministry					
Salaries	\$ 42,305	\$ 6,043	\$ 12,087	\$ 60,435	\$ 20,145	\$ 20,145	\$ 40,290	\$ 100,725
Fees and Licenses	-	-	-	-	-	3,610	3,610	3,610
Travel	3,548	-	3,462	7,010	-	2,842	2,842	9,852
Marketing	-	-	-	-	784	196,465	197,249	197,249
Accounting and Audit Fees	-	-	-	-	17,580	-	17,580	17,580
Legal Expenses	2,226	-	-	2,226	-	-	-	2,226
Insurance	-	-	-	-	2,072	-	2,072	2,072
Bank Service Charges	835	-	-	835	-	1,620	1,620	2,455
Office Supplies	510	24	-	534	2,707	3,126	5,833	6,367
Resources - Production	7,309	-	-	7,309	-	-	-	7,309
Resources - Distribution	55,719	-	-	55,719	-	-	-	55,719
Printing Costs	-	-	-	-	1,035	891	1,926	1,926
Postage	27	53	-	80	-	3,731	3,731	3,811
Meals	-	-	28	28	-	86	86	114
Miscellaneous	-	-	-	-	543	-	543	543
Inventory Adjustment	296	-	-	296	-	-	-	296
Rent/Parking/Utilities	982	140	280	1,402	467	467	934	2,336
Grants to Individuals	36,660	-	-	36,660	-	193	193	36,853
Total Functional Expenses	\$ 150,417	\$ 6,260	\$ 15,857	\$ 172,534	\$ 45,333	\$ 233,176	\$ 278,509	\$ 451,043

See Accompanying Notes to Financial Statements

THE PSALM 119 ASSOCIATION INC.
Statement of Cash Flows
For the Year Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ 243,975	\$ (23,701)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Realized Loss on Sale of Investments	14,798	39,715
Donation of Stock Shares	(3,088)	(2,277)
Net Investment Returns (Unrealized)	(34,534)	50,078
Changes in Operating Assets and Liabilities:		
Accounts Receivable	25,152	(14,870)
Unconditional Promises to Give	1,750	(2,615)
Prepaid Expenses	7	5,029
Inventory	52,654	35,998
Accumulated Depreciation	4,992	-
Accounts Payable	(249)	5,882
Payroll Liabilities	2,541	(3,542)
Credit Card Payable	-	(870)
Net Cash Provided by Operating Activities	307,998	88,827
Cash Flows from Investing Activities		
Purchase of Investments	(203,831)	(220,342)
Proceeds from Sale of Investments	176,633	70,793
Investment in Office Condominium	(203,373)	(2,300)
Redemption of CD	-	100,035
Investment in Intangible Assets	(88,256)	(57,071)
Net Cash Used in Investing Activities	(318,827)	(108,885)
Net Decrease in Cash and Cash Equivalents	(10,829)	(20,058)
Cash and Cash Equivalents, Beginning of Year	827,089	847,147
Cash and Cash Equivalents, End of Year	\$ 816,260	\$ 827,089

See Accompanying Notes to Financial Statements

THE PSALM 119 ASSOCIATION INC.

Notes to Financial Statements

June 30, 2023 and 2022

1. Summary of Significant Accounting Policies:

(a) Nature of Organization:

The Psalm 119 Association Inc. (the Ministry) is a not-for-profit corporation that exists to connect people with the Author of the Bible through the teaching of the Bible, being convinced of the greatness of God's Word, concerned for the growth of God's people, and blessed by the generosity of God's goodness. The Ministry uses the trade name "Woodrow Kroll Ministries" (WKM). The programs of the Ministry consist of the following:

Helios Projects

The Helios Projects are a series of teaching tools featuring the Bible and theology teaching of Dr. Woodrow Kroll, working to put a Bible and Christian faith education in the hands of the 95% of pastors worldwide who have received little or no Bible or theology training.

Bookstore Ministry

The Bookstore Ministry makes available Dr. Kroll's books – focused on helping Christians engage God's Word and grow in their faith.

Speaking Ministry

The Speaking Ministry is the preaching and teaching of God's Word in churches and other Christian organizations.

(b) Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) 958, *Not-for-profit Entities*, and related Accounting Standards Updates (ASUs).

(c) Income Tax Status:

The Ministry is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. Contributions to it are tax deductible within the limitations prescribed by the Code.

(d) Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Ministry considers all highly liquid investment accounts with an initial expected holding period of three months or less to be cash equivalents.

(e) Inventory:

Inventory consists of books and Helios teaching tools and is stated at the lower of cost or net realizable value. Cost is determined by the weighted average method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

THE PSALM 119 ASSOCIATION INC.

Notes to Financial Statements

June 30, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued):

(f) Property and Equipment:

Property and equipment are reported at cost if purchased or at fair value at the date of gift if donated. Depreciation is calculated using the straight-line method over estimated useful lives of three to 40 years. The Ministry capitalizes additions and improvements that have a useful life of one year or more and a cost of \$1,000 or more.

On July 1, 2022 the Ministry purchased an office condominium located in Titusville, Florida. The Ministry purchased this property with cash for \$205,373 including closing costs and records approximately \$5,000 in annual depreciation expense.

(g) Investments:

It is the policy of the Ministry to account for investments at fair market value utilizing quoted market prices in active markets. Realized and unrealized gains or losses on investments, net of investment expenses, are reflected in the statement of activities as Investment Return, Net. Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is as least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

(h) Net Asset Classification:

The net assets of the Ministry are classified for accounting and reporting purposes in two general classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes are reported as follows:

With Donor Restrictions – Net assets that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period, or that are required to be maintained permanently by the Ministry.

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and are immediately available to support operations.

All donor-restricted support is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires, such as when a stipulated time restriction ends or purpose restriction is accomplished, the restricted net assets are reported in the statement of activities as net assets released from restrictions. If temporary restrictions expire within the same fiscal year, the Ministry reports the amount as a donation without donor restrictions.

(i) Accounting Estimates:

The preparation of financial statements in conformity with 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.

THE PSALM 119 ASSOCIATION INC.

Notes to Financial Statements

June 30, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued):

(j) Support and Revenue:

All sales of items are recognized at a point in time (i.e., the time the order is placed and payment is received) and are included on the statement of activities under Sales Revenue. No receivables are associated with the sales of items.

Contributions received are recorded as without donor restrictions, with donor restrictions, or with permanent donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions of cash that were received with donor restrictions remaining as of the fiscal year end are classified as Cash and Cash Equivalents - Restricted.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

(k) Functional Allocation of Expenses:

Directly identifiable expenses are charged to specific programs, management and general or fundraising. Management and general expenses include those expenses that are not directly identifiable with either program services or fundraising but provide for the overall support and direction of the Ministry. Expenses related to more than one function are charged to program services, management and general or fundraising based on time utilized for the relative activities.

(l) Marketing:

Advertising and marketing are expensed as incurred and amounted to \$150,905 and \$197,249, for the year ended June 30, 2023 and 2022, respectively. \$145,110 and \$196,465 of this amount is included in total fundraising expenses on the accompanying statement of functional expenses for the year ended June 30, 2023 and 2022, respectively.

2. Cash and Cash Equivalents:

As of June 30, 2023, Cash and cash equivalents totaling \$816,260 consisted of the following amounts: (1) unrestricted \$431,352; (2) restricted but expected to be spent within one year \$35,000; and (3) restricted but expected to be spent after one year \$349,908. These amounts in the statement of net position consisted of demand deposits and amounts on hand of \$486,634, a money market account of \$114,917 that was not FDIC insured, and uninvested cash balance that was not insured by the FDIC of \$325,401. The money market account and uninvested cash were held by the same brokerage firm as the long-term investments discussed below (see Note 5). Physical bank account balances totaling \$486,634 in demand deposits at June 30, 2023 were FDIC insured and held at various banks. Restricted cash and cash equivalents consisted of amounts on hand at June 30, 2023 that donors restricted to the use of the Helios Projects.

THE PSALM 119 ASSOCIATION INC.

Notes to Financial Statements

June 30, 2023 and 2022

3. Cash and Cash Equivalents (continued):

As of June 30, 2022, Cash and cash equivalents totaling \$827,089 consisted of the following amounts: (1) unrestricted \$409,075; (2) restricted but expected to be spent within one year \$35,000; and (3) restricted but expected to be spent after one year \$383,014. These amounts in the statement of net position consisted of demand deposits and amounts on hand of \$483,703, a money market account of \$111,161 that was not FDIC insured, and uninvested cash balance that was not insured by the FDIC of \$232,157. The money market account and uninvested cash were held by the same brokerage firm as the long-term investments discussed below (see Note 5). Physical bank account balances totaling \$472,658 in demand deposits at June 30, 2022 were FDIC insured and held at various banks. Restricted cash and cash equivalents consisted of amounts on hand at June 30, 2022 that donors restricted to the use of the Helios Projects.

4. Unconditional Promises to Give:

The Ministry holds fund raising campaigns for various purposes. Pledges receivable are recorded when notification of the pledge is received and there are no conditions noted in the pledge agreement. The pledges as of June 30, 2023 and 2022 are unconditional. Management expects any uncollectible promises to be insignificant and believes the entire balance of \$2,075 and \$3,825, as of June 30, 2023 and 2022, respectively, to be collected in the subsequent year.

5. Accounts Receivable:

The receivable consisted of an amount due from an individual that was received in full shortly after June 30, 2022. No allowance for uncollectible accounts was deemed necessary.

6. Investments - Long-Term:

Long-term investments consisted of the following as of June 30:

<u>Category:</u>	<u>2023</u>	<u>2022</u>
Equities	\$ 291,006	\$ 271,438
Exchange-Traded Products	143,840	141,069
Mutual Funds	41,674	147,307
Treasury Notes	133,316	-
Total Investments - Long Term	<u>\$ 609,836</u>	<u>\$ 559,814</u>

The Ministry maintains its investments and cash equivalents with a brokerage firm that is a member of the Securities Investor Protection Corporation (SIPC). Cash and investments held by the firm are insured by the SIPC should the investment firm become financially troubled or bankrupt. The insurance provides brokerage customers up to \$500,000 coverage for cash and securities held by the firm, inclusive of up to \$250,000 for cash balances. At June 30, 2023 and 2022, the Ministry's uninsured cash equivalents and investment balances approximated \$435,237 and \$59,814, respectively.

THE PSALM 119 ASSOCIATION INC.

Notes to Financial Statements

June 30, 2023 and 2022

7. Indefinite Life Intangible Assets:

The Ministry has expended significant resources to develop its materials translated and produced in several languages. The cost of developing these materials is believed to have an indefinite life of use. Consequently, the Ministry has recorded the cost of creating these intangible assets as an asset not subject to amortization. Upon additional consideration, it was determined these costs would be capitalized as non-depreciable intangible assets with an indefinite life since they continue to provide value and use to the Ministry in perpetuity. As of June 30, 2023 and 2022, the cumulative cost incurred in developing these materials totaled \$513,004 and \$424,748, respectively. For the year ended June 30, 2023 and 2022 an additional \$88,256 and \$57,071, respectively, was expended and capitalized in developing these intangible materials.

8. Contributions of Nonfinancial Assets:

The Ministry received donated services from eight volunteers who have donated approximately ninety hours of time to assist in the programs of the Ministry. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort has not been satisfied.

Contributed services recognized under management and general expense as of June 30, 2023 and 2022, in the amount of \$5,372 and \$4,185, respectively, comprise professional services from the audit firm who conducted previous audits and from the accountant assisting with the bookkeeping and tax preparation. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

9. Retirement Plan:

The Ministry maintains a 401(k) plan (the Plan) that is eligible to full-time employees after completing one year of service. Ministry contributions to the Plan are 100% of the amount of employee contributions to the Plan up the maximum percentage listed below.

<u>Year(s) of Employment</u>	<u>Maximum Contribution</u>	
1	0%	
2	2%	
3	3%	
4	3%	100% up to 3%
		50% of 3-4%
5 or more	3%	100% up to 3%
		50% of 3-5%

The total amount the Ministry contributed to the Plan during the year ended June 30, 2023 and 2022, was \$9,403 and \$7,461, respectively.

THE PSALM 119 ASSOCIATION INC.

Notes to Financial Statements

June 30, 2023 and 2022

10. **Liquidity and Financial Asset Availability:**

As of June 30, 2023 and 2022, the Ministry has \$431,352 and \$409,075, respectively, of financial assets, consisting of unrestricted cash and cash equivalents, which are available for general use within one year of the statement of financial position date. This amount approximates the annual general expenditure needs of the Ministry. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure. The Ministry maintains the practice of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Ministry is principally supported by contributions and investment income. Management has the ability to significantly curtail expenses in response to cash shortages.

11. **Fair Value Measurements:**

The Ministry's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Ministry believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

U.S. generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy the prioritized the inputs to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active for identical or similar assets or liabilities, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

Level 3: Unobservable inputs that are not corroborated by market data. These inputs reflect an organization's own expectations about the assumptions a market participant would use in pricing the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As of June 30, 2023, all the Ministry's investments were categorized as Level 1. All Level 1 assets were valued using quoted prices in principle active markets for identical assets as of June 30, 2023 and 2022.

12. **Fundraising Expenses:**

Fundraising expenses are recognized when incurred, regardless of the campaign year to which they relate.

THE PSALM 119 ASSOCIATION INC.

Notes to Financial Statements

June 30, 2023 and 2022

13. Net Assets with Donor Restrictions

As of June 30, 2023 and 2022, the Ministry has \$384,908 and \$418,014 of net assets with donor restrictions related to the Helios Project (as described in Note 1). The Ministry has no assets with board designated restrictions as of June 30, 2023 and 2022.

14. Subsequent Events:

Management has evaluated subsequent events through November 15, 2023, which is the date that the financial statements were available for issuance.