



WORLD LITERATURE CRUSADE
DBA EVERY HOME FOR CHRIST

Financial Statements
With Independent Auditors' Report

December 31, 2022 and 2021

**WORLD LITERATURE CRUSADE
DBA EVERY HOME FOR CHRIST**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
World Literature Crusade
dba Every Home for Christ
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of World Literature Crusade dba Every Home for Christ, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 World Literature Crusade dba Every Home for Christ as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of World Literature Crusade dba Every Home for Christ 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 these 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 World Literature Crusade dba Every Home for Christ's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
World Literature Crusade
dba Every Home for Christ
Colorado Springs, Colorado

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

Capin Crouse LLP

Colorado Springs, Colorado
April 3, 2023

**WORLD LITERATURE CRUSADE
DBA EVERY HOME FOR CHRIST**

Statements of Financial Position

	December 31,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 11,496,349	\$ 9,192,185
Inventory	34,295	53,178
Prepaid expenses and other assets	302,714	344,389
Employee retention credits and other receivables	5,835	175,176
Investments	3,285,398	3,662,811
Property and equipment–net	9,133,490	9,418,256
Assets under gift annuity and trust agreements	7,287,792	8,164,637
	<u>\$ 31,545,873</u>	<u>\$ 31,010,632</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 304,315	\$ 381,080
Liabilities under gift annuity and trust agreements	3,733,414	4,030,034
Total liabilities	<u>4,037,729</u>	<u>4,411,114</u>
Net assets:		
Net assets without donor restrictions:		
Gift annuity reserve	2,117,095	2,473,218
Board quasi-endowment	2,136,898	2,427,993
Operating	10,786,290	11,545,681
Total net assets without donor restrictions	<u>15,040,283</u>	<u>16,446,892</u>
Net assets with donor restrictions:		
Restricted in purpose and time:		
Evangelism outreach	9,566,658	7,027,321
Irrevocable and other trusts	849,840	999,876
	<u>10,416,498</u>	<u>8,027,197</u>
Restricted in perpetuity:		
Endowment fund–held in property and equipment	1,463,920	1,463,920
Irrevocable and other trusts	587,443	661,509
	<u>2,051,363</u>	<u>2,125,429</u>
Total net assets with donor restrictions	<u>12,467,861</u>	<u>10,152,626</u>
Total net assets	<u>27,508,144</u>	<u>26,599,518</u>
Total Liabilities and Net Assets	<u>\$ 31,545,873</u>	<u>\$ 31,010,632</u>

See notes to financial statements

**WORLD LITERATURE CRUSADE
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Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,062,311	\$ 57,143,720	\$ 59,206,031	\$ 2,531,016	\$ 51,367,991	\$ 53,899,007
Gift-in-kind	1,280,888	-	1,280,888	2,353,105	-	2,353,105
Bequests and other agreements	691,950	18,855	710,805	1,504,317	-	1,504,317
Change in value of gift annuities and trusts	(600,756)	(242,957)	(843,713)	642,762	689,361	1,332,123
Investment income (loss) - net	(291,095)	-	(291,095)	219,587	-	219,587
Privately held shares investment income	112,148	-	112,148	160,745	-	160,745
Other income	119,300	-	119,300	1,234,626	-	1,234,626
Total Support and Revenue	3,374,746	56,919,618	60,294,364	8,646,158	52,057,352	60,703,510
NET ASSETS RELEASED:						
Purpose and time restrictions	46,877,726	(46,877,726)	-	48,415,266	(48,415,266)	-
Administrative assessments	7,726,657	(7,726,657)	-	6,347,582	(6,347,582)	-
	54,604,383	(54,604,383)	-	54,762,848	(54,762,848)	-
EXPENSES:						
Program services:						
Evangelism outreach	48,620,391	-	48,620,391	50,206,317	-	50,206,317
Prayer and vision	5,251,095	-	5,251,095	4,576,088	-	4,576,088
	53,871,486	-	53,871,486	54,782,405	-	54,782,405
Supporting activities:						
General and administrative	3,347,221	-	3,347,221	2,968,785	-	2,968,785
Fund-raising	2,167,031	-	2,167,031	1,901,110	-	1,901,110
	5,514,252	-	5,514,252	4,869,895	-	4,869,895
Total Expenses	59,385,738	-	59,385,738	59,652,300	-	59,652,300

(continued)

See notes to financial statements

**WORLD LITERATURE CRUSADE
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Statements of Activities

(continued)

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets	(1,406,609)	2,315,235	908,626	3,756,706	(2,705,496)	1,051,210
Net Assets, Beginning of Year	16,446,892	10,152,626	26,599,518	12,690,186	12,858,122	25,548,308
Net Assets, End of Year	<u>\$ 15,040,283</u>	<u>\$ 12,467,861</u>	<u>\$ 27,508,144</u>	<u>\$ 16,446,892</u>	<u>\$ 10,152,626</u>	<u>\$ 26,599,518</u>

See notes to financial statements

**WORLD LITERATURE CRUSADE
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Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services			Supporting Activities			2022 Total Expenses
	Evangelism Outreach	Prayer and Vision	Total	General and Administrative	Fund-Raising	Total	
Grants	\$ 45,777,800	\$ 1,904,836	\$ 47,682,636	\$ 230,649	\$ 21,000	\$ 251,649	\$ 47,934,285
Salaries and benefits	1,780,219	1,699,144	3,479,363	1,907,150	1,162,881	3,070,031	6,549,394
Events	245,769	256,842	502,611	109,299	183,083	292,382	794,993
Equipment and maintenance	138,026	225,417	363,443	137,489	109,440	246,929	610,372
Travel and business	167,341	153,713	321,054	163,714	125,404	289,118	610,172
Printing, postage, and shipping	23,680	129,864	153,544	142,266	159,429	301,695	455,239
Advertising and promotion	41,489	152,026	193,515	106,903	109,875	216,778	410,293
Professional fees	85,822	127,447	213,269	129,017	66,327	195,344	408,613
Supplies and miscellaneous	86,882	122,621	209,503	107,857	83,902	191,759	401,262
Seminars and conferences	40,813	45,784	86,597	63,032	42,824	105,856	192,453
Other	84,384	47,530	131,914	39,237	5,334	44,571	176,485
Utilities	25,476	67,622	93,098	25,791	13,210	39,001	132,099
Telephone	18,157	20,965	39,122	16,358	15,922	32,280	71,402
Media	16,796	14,376	31,172	9,789	12,389	22,178	53,350
Liability insurance	2,485	5,664	8,149	25,008	519	25,527	33,676
Cost of sales	8,951	10,622	19,573	6,123	7,498	13,621	33,194
Total Operating Expenses	48,544,090	4,984,473	53,528,563	3,219,682	2,119,037	5,338,719	58,867,282
Depreciation	73,251	257,472	330,723	78,739	47,994	126,733	457,456
Depletion of natural resources	3,050	9,150	12,200	48,800	-	48,800	61,000
Total Expenses	\$ 48,620,391	\$ 5,251,095	\$ 53,871,486	\$ 3,347,221	\$ 2,167,031	\$ 5,514,252	\$ 59,385,738

See notes to financial statements

**WORLD LITERATURE CRUSADE
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Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services			Supporting Activities			2021 Total Expenses
	Evangelism Outreach	Prayer and Vision	Total	General and Administrative	Fund-Raising	Total	
Grants	\$ 48,116,933	\$ 1,895,882	\$ 50,012,815	\$ 300,644	\$ 41,500	\$ 342,144	\$ 50,354,959
Salaries and benefits	1,491,887	1,383,960	2,875,847	1,550,086	982,986	2,533,072	5,408,919
Events	24,927	96,145	121,072	106,799	112,819	219,618	340,690
Equipment and maintenance	112,184	200,798	312,982	113,614	85,709	199,323	512,305
Travel and business	73,240	81,118	154,358	68,178	67,795	135,973	290,331
Printing, postage, and shipping	25,884	141,951	167,835	131,704	135,894	267,598	435,433
Advertising and promotion	16,095	186,577	202,672	200,047	214,829	414,876	617,548
Professional fees	54,172	78,541	132,713	93,759	50,673	144,432	277,145
Supplies and miscellaneous	63,893	103,249	167,142	101,150	90,963	192,113	359,255
Seminars and conferences	16,051	27,550	43,601	46,216	31,666	77,882	121,483
Other	76,909	43,070	119,979	40,233	2,800	43,033	163,012
Utilities	23,597	61,671	85,268	23,811	12,120	35,931	121,199
Telephone	14,723	17,233	31,956	12,018	12,507	24,525	56,481
Media	5,908	12,078	17,986	11,332	12,166	23,498	41,484
Liability insurance	2,539	5,997	8,536	27,287	470	27,757	36,293
Cost of sales	4,810	6,853	11,663	4,956	3,457	8,413	20,076
Total Operating Expenses	50,123,752	4,342,673	54,466,425	2,831,834	1,858,354	4,690,188	59,156,613
Depreciation	79,515	224,265	303,780	88,151	42,756	130,907	434,687
Depletion of natural resources	3,050	9,150	12,200	48,800	-	48,800	61,000
Total Expenses	\$ 50,206,317	\$ 4,576,088	\$ 54,782,405	\$ 2,968,785	\$ 1,901,110	\$ 4,869,895	\$ 59,652,300

See notes to financial statements

**WORLD LITERATURE CRUSADE
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Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 908,626	\$ 1,051,210
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized losses (gains) on investments	291,095	(219,587)
Depreciation	457,456	434,687
Depletion of natural resources	61,000	61,000
Change in value of gift annuities and trusts	843,713	(1,332,123)
Paycheck Protection Program loan forgiveness	-	(1,020,772)
Change in operating assets and liabilities:		
Inventory	18,883	(21,454)
Prepaid expenses and other assets	41,675	(158,109)
Employee retention credits and other receivables	169,341	179,675
Accounts payable and accrued expenses	(76,765)	185,763
Net Cash Provided (Used) by Operating Activities	2,715,024	(839,710)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(996,000)	(2,001,773)
Sale of investments	1,021,318	699,437
Proceeds from sale of assets under gift annuity and trust agreements	-	24,640
Purchases of assets under gift annuity and trust agreements	(572,345)	(95,000)
Sale of investments for distributions	530,836	390,016
Purchases of property and equipment	(172,690)	(1,398,327)
Net Cash Used by Investing Activities	(188,881)	(2,381,007)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Non-gift portion of new annuities and trusts	308,857	35,822
Trustor and annuitant payments	(530,836)	(390,016)
Net Cash Used by Financing Activities	(221,979)	(354,194)
Net Change in Cash and Cash Equivalents	2,304,164	(3,574,911)
Cash and Cash Equivalents, Beginning of Year	9,192,185	12,767,096
Cash and Cash Equivalents, End of Year	\$ 11,496,349	\$ 9,192,185
NON-CASH TRANSACTION:		
Non-cash transaction for recognition of Paycheck Protection Program loan forgiveness	\$ -	\$ 1,020,772

See notes to financial statements

WORLD LITERATURE CRUSADE DBA EVERY HOME FOR CHRIST

Notes to Financial Statements

December 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

Every Home for Christ (EHC) is the operating name of World Literature Crusade. EHC is a nonprofit religious organization that exists to serve, mobilize, and train the church to actively pray for and participate in the systematic personal presentation of a printed or repeatable message of the Gospel of Jesus Christ to every home throughout the world, adding new believers as functioning members of the Body of Christ. Most of its domestic programs are conducted under the name of Every Home for Christ. Since 1946, EHC has worked with Christian nationals, volunteers from local churches, and existing mission agencies to distribute Gospel literature and engage the lost through one-on-one evangelism. The evangelism outreaches of EHC (presently in 158 nations) have provided over 5.33 billion presentations worldwide, providing a strategy to disciple new believers known as Christ Groups. The funds to support these outreaches are provided through the faithful, sacrificial gifts of EHC partners. Through the use of direct mail fund-raising, product sales, or EHC's estate planning efforts, partners are motivated to give directly to the EHC ministry. EHC's programs are described as follows:

Evangelism Outreach:

Evangelism Outreach is a systematic distribution of Gospel literature to every home in various countries in cooperation with local churches, Christians, and missionaries. This program offers encouragement to new believers through Bible correspondence courses, monthly news bulletins, and other means.

Prayer and Vision:

Prayer and Vision involves spreading the vision of world evangelism and the importance of systematically reaching every home in the world with the Gospel of Jesus Christ. This program also involves raising prayer support and challenging Christians to actively take part in God's command to evangelize the world.

EHC is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, EHC is subject to federal income tax on any unrelated business taxable income. In addition, EHC is not classified as a private foundation within the meaning of Section 509(a) of the IRC. As such, contributions to EHC are deductible for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

EHC maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

WORLD LITERATURE CRUSADE DBA EVERY HOME FOR CHRIST

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OVERSEAS OPERATIONS

Most of the costs and expenses relating to overseas evangelism are incurred for the production and distribution of Gospel literature in foreign countries and follow-up of those who respond to the Gospel message. The evangelistic activities in foreign countries are controlled by local entities and are not included in these financial statements. Funds granted by EHC to these local entities are expensed on the date of transfer. EHC is affiliated with several EHC-International organizations which are not included in these financial statements because they are not under common control. EHC and these organizations do, however, participate together in evangelistic outreaches in many foreign countries.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings, and money market accounts. These accounts at times exceed federally insured limits. As of December 31, 2022 and 2021, amounts on deposit exceeding federally insured limits were approximately \$11,080,000 and \$7,430,000, respectively.

INVENTORY

Inventory consists of books, workbooks, CD's, and other materials. They are valued at the lower of cost or net realizable value using the weighted average method. There was no allowance for obsolescence as of December 31, 2022 and 2021.

EMPLOYEE RETENTION CREDITS AND OTHER RECEIVABLES

During the year ended December 31, 2021, EHC met the requirements for eligibility for the 2020 Employee Retention Credits (ERC). EHC calculated the credit based on qualified wages and has filed the Form 941-X to claim the credits. Laws and regulations concerning government programs, including the ERC, established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge EHC's claims to the ERC, and it is not possible to determine the impact (if any) this would have upon EHC. As of December 31, 2021, the receivable consisted of the 2020 second quarter's credit, which had not yet been collected. The credit was received in full during the year ended December 31, 2022. The revenue was recorded within other income for the year ended December 31, 2021 on the statements of activities.

EHC expects to collect the full amount for all other receivables as of December 31, 2022, and therefore, no allowance is recorded.

WORLD LITERATURE CRUSADE DBA EVERY HOME FOR CHRIST

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments consist of marketable securities with readily determinable fair values, which include equities, fixed income securities, mutual funds, and bond funds, and are recorded at fair value. Investments also consist of certificates of deposit with original maturity dates of more than 90 days. Certificates of deposit are held at cost. Prior to 2021, privately held shares were donated to EHC in the amount of \$305,000. EHC accounts for the privately held shares under the cost method, which is then analyzed for impairment. Depletion is computed on the straight-line basis for 5 years. Depletion expense for both of the years ended December 31, 2022 and 2021 was \$61,000.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or, if donated, at fair value as of the date of the gift. Property donated with restrictions regarding its use and contributions of cash to acquire property and equipment are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time. EHC capitalizes purchases or donations greater than \$10,000. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets which are:

Building and improvements	10-60 years
Office and computer equipment	3-7 years
Furniture and fixtures	10-20 years
Vehicles	5-8 years

ASSETS UNDER GIFT ANNUITY AND TRUST AGREEMENTS

Investments

Marketable securities with readily determinable fair values, which include equities, fixed income securities, and mutual funds, are recorded at fair value. Bond funds are recorded at fair value. Certificates of deposit are held at cost. Unrealized gains or losses in fair value are recognized in the year in which they occur.

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of EHC's investments and total net assets balance could fluctuate materially.

EHC maintains a custody account with its primary custodian, City National (CN). Although EHC monitors CN and believes that it is an appropriate custodian, there is no guarantee that CN, or any other custodian that EHC may use, will not become insolvent. EHC believes that, in the event of the insolvency of CN, some of EHC's assets may be unavailable for a period of time, but that it would ultimately have full recovery of its assets.

WORLD LITERATURE CRUSADE DBA EVERY HOME FOR CHRIST

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSETS UNDER GIFT ANNUITY AND TRUST AGREEMENTS, continued

Beneficial interest in trust agreements

Beneficial interest in trust agreements includes irrevocable perpetual trusts and charitable remainder trusts which are not trustee by EHC. EHC's interest is measured at the estimated present value of the future cash receipts. Adjustments to the amounts reported as assets are reported as change in value of gift annuities and trusts in the statements of activities.

LIABILITIES UNDER GIFT ANNUITY AND TRUST AGREEMENTS

Gift annuity liability

EHC has established a gift annuity plan whereby donors may contribute assets to EHC in exchange for the right to receive a fixed dollar annual return during their lifetimes. The difference between the original annuity amount invested and the discounted liability for future payments, determined on an actuarial basis, is recognized as contribution income at the date of gift. The annuity liability is revalued annually based upon actuarially computed present values using a rate of 4.5% and the Annuity 2000 Gender-Based table using the age of the two youngest beneficiaries.

EHC is required to maintain legally-mandated reserves for certain states in which it issues gift annuities. EHC is in compliance with these reserve requirements, which in most cases is a calculation based off of the annuity liability. See Note 4 for the required reserve amounts.

Trust liabilities

As trustee, EHC administers irrevocable trusts. These trusts provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. The trust liability is the actuarially determined present value of future payments to beneficiaries. At the death of the lifetime beneficiaries, certain trusts contain provisions to distribute assets to remaindermen in addition to EHC. The trust liability includes the remainder interest due other remaindermen (charitable organizations).

WORLD LITERATURE CRUSADE DBA EVERY HOME FOR CHRIST

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The net assets of EHC are reported in the following categories:

Net assets without donor restrictions include resources that are used for current operations, including those resources invested in property and equipment, and gift annuity reserves. During the year ended December 31, 2020, EHC set up a board designated quasi-endowment, which is designated for general operations and the assets are included within investments on the statement of financial position. Funds can only be used at the discretion of the board of directors.

Net assets with donor restrictions include certain net assets provided by irrevocable charitable trusts and donor restricted projects. These also include permanent endowments where donors stipulated that the principal remain in perpetuity. Certain net assets provided by irrevocable charitable trusts, EHC's interest in perpetual trusts held by third parties, and endowment funds are restricted in perpetuity.

The management of EHC has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, EHC classifies as net assets with donor restrictions in perpetuity (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetuity is classified by purpose and time until those amounts are appropriated for expenditure by EHC in a manner consistent with the standard of prudence prescribed by the Act.

SUPPORT AND REVENUE

Contributions and bequests are recorded when made, which may be when cash is received, when unconditional promises are made, or when ownership of donated assets is transferred to EHC. Donated materials are reflected as gift-in-kind contributions in the accompanying statements of activities at their estimated fair market values on the date of receipt. EHC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Investment income is recorded when earned, which is when gains and losses are recognized and interest and dividends are received.

WORLD LITERATURE CRUSADE DBA EVERY HOME FOR CHRIST

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING AND PROMOTION

EHC uses advertising to promote its programs among the audiences it serves and to raise funds. Advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the years ended December 31, 2022 and 2021, was \$410,293 and \$617,548, respectively, as noted on the statements of functional expenses.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program and supporting activities have been summarized on a functional basis in the statements of activities. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of EHC. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, travel and business, and seminars and conferences, which are allocated on the basis of estimates of time and effort. Depreciation is allocated on a square footage basis.

ADMINISTRATIVE ASSESSMENTS

In an effort to cover overhead costs, EHC charges an administrative assessment on contributions with donor restrictions. For the year ended December 31, 2021 and for the first six months of the year ended December 31, 2022, the administrative assessment was primarily 12%. For the remainder of 2022, the administrative assessment was primarily 15%. The administrative fee varies based upon the type of gift given.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. EHC adopted the provisions of this new standard during the year ended December 31, 2022. This new standard enhances the presentation and disclosures related to contributed nonfinancial assets, including information about the measurement of contributed nonfinancial assets and how EHC uses those contributed nonfinancial assets. Adoption of this standard had no effect on change in net assets or net assets in total.

Additionally, in 2016, the FASB issued ASU No. 2016-02, *Leases*. EHC adopted the provisions of this new standard during the year ended December 31, 2022. This ASU requires substantially all leases with a non-cancelable lease term over one year to be recognized by lessees on their balance sheet as a right-of-use (ROU) asset and a corresponding lease liability, including leases historically accounted for as operating leases. EHC evaluated all lease agreements under this new standard and concluded that any ROU assets and liabilities are immaterial, individually and in aggregate, to the financial statements as a whole. Therefore, no such ROU asset or liability has been recorded for the year ended December 31, 2022.

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3. FAIR VALUE MEASUREMENTS:

EHC uses appropriate valuation techniques to determine fair value based on inputs available. When available, EHC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. Fair value of assets measured on a recurring basis at December 31, 2022 and 2021, are as follows:

	December 31, 2022	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments and assets under gift annuity and trust agreements at fair value:				
Mutual funds	\$ 1,287,893	\$ 1,287,893	\$ -	\$ -
Bonds:				
Governmental	1,247,974	-	1,247,974	-
Corporate	943,802	-	943,802	-
Municipal	158,860	-	158,860	-
Equities	4,863,787	4,863,787	-	-
Beneficial interest in trust agreements	527,510	-	-	527,510
	9,029,826	\$ 6,151,680	\$ 2,350,636	\$ 527,510

Investments and assets under gift annuity and trust agreements at other than fair value:

Cash and cash equivalents	394,864
Certificates of deposit	996,000
Privately held shares	152,500

Total investments and assets under gift annuity and trust agreements \$ 10,573,190

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3. FAIR VALUE MEASUREMENTS, continued:

December 31, 2021	Fair Value Measurements Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments and assets under gift annuity and trust agreements at fair value:			
Mutual funds	\$ 1,475,520	\$ 1,475,520	\$ -
Bonds:			
Governmental	684,133	-	684,133
Corporate	521,766	-	521,766
Municipal	127,737	-	127,737
Equities	5,341,885	5,341,885	-
Beneficial interest in trust agreements	603,919	-	603,919
	8,754,960	\$ 6,817,405	\$ 1,333,636
Investments and assets under gift annuity and trust agreements at other than fair value:			
Cash and cash equivalents	909,180		
Trust receivable	1,200,000		
Certificates of deposit	749,808		
Privately held shares	213,500		
Total investments and assets under gift annuity and trust agreements	\$ 11,827,448		

Valuation techniques: Fair values for mutual funds and equities are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair values of bonds are based on quoted prices in active markets for the underlying assets which are publicly traded. The fair value for the charitable remainder trusts is determined by calculating the present value of the future distributions expected to be received, using the published life expectancy tables and a 6% discount rate. The fair value for the irrevocable perpetual trusts is determined by calculating EHC's portion of the current investment's fair value.

Changes in valuation techniques: None

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3. FAIR VALUE MEASUREMENTS, continued:

The following table provides further details of Level 3 fair value measurements as of December 31, 2022 and 2021:

	December 31,	
	2022	2021
Beginning balance	\$ 603,919	\$ 557,076
Change in value of split-interest agreements	(76,409)	46,843
Ending balance	<u>\$ 527,510</u>	<u>\$ 603,919</u>

4. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects EHC's financial assets reduced by amounts not available for general use within one year, as of December 31, 2022 and 2021:

	December 31,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 11,496,349	\$ 9,192,185
Employee retention credits and other receivables	5,835	175,176
Investments	3,285,398	3,662,811
Assets under gift annuity and trust agreements	7,287,792	8,164,637
Financial assets, at year-end	<u>22,075,374</u>	<u>21,194,809</u>
Less those unavailable for general expenditure within one year, due to:		
Privately held shares	(152,500)	(213,500)
Donor imposed restrictions:		
Irrevocable trusts, donor restricted as to purpose and use	(2,258,084)	(2,681,420)
Irrevocable trusts, donor restricted in perpetuity	(587,443)	(660,544)
Board designated quasi-endowment	(2,136,898)	(2,427,993)
State required annuity reserves	(3,874,893)	(2,293,574)
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 13,065,556</u>	<u>\$ 12,917,778</u>

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Notes to Financial Statements

December 31, 2022 and 2021

4. LIQUIDITY AND FUNDS AVAILABLE, continued:

EHC receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to EHC's annual operations to be available to meet cash needs for general and program expenditures. As of December 31, 2022 and 2021, net assets with donor restrictions of \$9,566,658 and \$7,072,321, respectively, were included in financial assets available to meet cash needs for general and program expenditures within one year, as these amounts are anticipated to be utilized for their intended purpose within the one year.

EHC manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. EHC has a liquidity target to maintain current financial assets less current liabilities at a minimum of 60 days operating expenses. EHC targets a year-end balance of reserves of undesignated net assets without donor restrictions at 45 to 60 days of expected expenditures. To achieve these targets, EHC forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended December 31, 2022 and 2021, the level of liquidity and reserves was managed within the desired targets.

5. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	December 31,	
	2022	2021
Land	\$ 426,846	\$ 426,846
Building and improvements	12,948,345	12,936,425
Office and computer equipment	1,493,092	1,424,590
Vehicles	163,914	182,642
Furniture and fixtures	963,892	963,892
	15,996,089	15,934,395
Accumulated depreciation	(6,936,867)	(6,516,139)
	9,059,222	9,418,256
Construction in process	74,268	-
	\$ 9,133,490	\$ 9,418,256

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6. INVESTMENTS:

The investment assets consist of:

	December 31,	
	2022	2021
<u>Assets:</u>		
Cash and cash equivalents	\$ 60,374	\$ 47,881
Certificates of deposit	996,000	749,808
Mutual funds	425,078	570,541
Bonds—governmental	88,333	97,906
Bonds—corporate	465,167	445,999
Bonds—municipal	-	76,035
Equities	1,097,946	1,461,141
Privately held shares	152,500	213,500
	\$ 3,285,398	\$ 3,662,811

7. GIFT ANNUITY AND TRUST AGREEMENTS:

The assets and liabilities of gift annuities and trust agreements consist of:

	December 31,	
	2022	2021
<u>Assets:</u>		
Cash and cash equivalents	\$ 334,490	\$ 861,299
Trust receivable	-	1,200,000
Mutual funds	862,815	904,979
Bonds—governmental	1,159,641	586,227
Bonds—corporate	478,635	75,767
Bonds—municipal	158,860	51,702
Equities	3,765,841	3,880,744
Beneficial interest in trust agreements	527,510	603,919
	\$ 7,287,792	\$ 8,164,637
<u>Liabilities:</u>		
Gift annuities	\$ 2,173,911	\$ 2,184,964
Irrevocable trusts	1,559,503	1,845,070
	\$ 3,733,414	\$ 4,030,034

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December 31, 2022 and 2021

7. GIFT ANNUITY AND TRUST AGREEMENTS, continued:

The change in value of gift annuities and trust agreements for the years ended December 31, 2022 and 2021, consists of:

	December 31,	
	2022	2021
Interest and dividends	\$ 116,485	\$ 121,875
Net realized and unrealized gains (losses)	(887,355)	1,009,426
Actuarial change	401,307	556,737
Matured agreements	204,171	41,060
Trustor and annuitant payments	(530,836)	(390,016)
Investment administrative expenses	(71,076)	(53,802)
Gain (loss) on beneficial interest in trust agreements	(76,409)	46,843
	\$ (843,713)	\$ 1,332,123

8. PAYCHECK PROTECTION PROGRAM:

During the year ended December 31, 2020, EHC obtained a Paycheck Protection Program loan in the amount of \$1,020,722, due April 2022, at a fixed interest rate of 1%. The loan was eligible for forgiveness based on EHC incurring various qualifying expenses such as normal payroll costs and utilities. Because EHC overcame the required barriers related to these funds as of December 31, 2021, the loan was forgiven in full and is recorded as other income on the statement of activities for the year ended December 31, 2021.

9. ENDOWMENT FUND:

The endowment fund consists of land and cash donor restricted in perpetuity for construction of the Jericho Center. Upon completion, the endowment fund transferred land and cash to the property fund in exchange for a note receivable. Management's intent is to continue to indefinitely postpone the maturity date of the note receivable as the assets of the endowment have effectively been invested in the Jericho Center. The intracompany receivable and payable have been eliminated for financial statement purposes. The policy governing this endowment requires that funds be invested in property and equipment. The required spending policy is that 100% of the earnings be spent on operations of EHC.

10. DEFINED CONTRIBUTION PENSION PLAN:

EHC provides a 403(b) plan covering all employees that work at least 30 hours per week and who are over 21 years of age. If an employee makes an elective deferral to the plan, EHC will match any deferral up to 6%. Employees are immediately vested in the plan. Total contributions amounted to \$220,678 and \$170,490, for the years ended December 31, 2022 and 2021, respectively.

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11. GIFT-IN-KIND SUPPORT:

Gift-in-kind support consisted of contributed evangelism booklets totaling \$1,280,888 and \$2,353,105 for the years ended December 31, 2022 and 2021, respectively. These contributed nonfinancial assets were received without any donor-imposed restrictions and were distributed as part of EHC's Evangelism Outreach program. EHC values donated evangelism booklets at fair market value at the date of the donation by estimating the cost to produce a single booklet based on information obtained from producers and applying the standardized cost to other booklets based on differences in size and weight.

12. RELATED PARTIES:

During the years ended December 31, 2022 and 2021, EHC granted funds totaling approximately \$1,731,000 and \$922,000, respectively, to EHC Americas, an affiliated organization in which the brother of the chief financial officer is the executive director.

13. SUPPORT AND REVENUE CONCENTRATION:

During the year ended December 31, 2022 and 2021, EHC received contributions from a foundation that totaled \$36,000,000 and \$49,037,850, respectively. These gifts accounted for approximately 60% and 81% of total support and revenue for the year ended December 31, 2022 and 2021, respectively. A different foundation donated \$18,056,500 to EHC during the year ended December 31, 2022, which accounted for approximately 30% of total revenue for the year ended December 31, 2022.

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 3, 2023, which is the date the financial statements were available to be issued.