



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

Financial Statements  
With Independent Auditors' Report

December 31, 2023 and 2022

**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, 2023 and 2022, 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, 2023 and 2022, 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 9, 2024

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

**Statements of Financial Position**

	December 31,	
	2023	2022
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 4,045,056	\$ 11,496,349
Inventory	20,414	34,295
Prepaid expenses and other assets	145,135	308,549
Investments	10,201,604	3,285,398
Property and equipment–net	10,069,978	9,133,490
Assets under gift annuity and trust agreements	7,305,932	7,287,792
Total Assets	\$ 31,788,119	\$ 31,545,873
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 807,010	\$ 304,315
Liabilities under gift annuity and trust agreements	3,983,967	3,733,414
Total liabilities	4,790,977	4,037,729
Net assets:		
Net assets without donor restrictions:		
Gift annuity reserve	1,827,840	2,117,095
Board quasi-endowment	3,124,172	2,136,898
Operating	11,815,555	10,786,290
Total net assets without donor restrictions	16,767,567	15,040,283
Net assets with donor restrictions:		
Restricted in purpose and time:		
Evangelism outreach	7,271,530	9,566,658
Irrevocable and other trusts	887,207	849,840
	8,158,737	10,416,498
Restricted in perpetuity:		
Endowment fund–held in property and equipment	1,463,920	1,463,920
Irrevocable and other trusts	606,918	587,443
	2,070,838	2,051,363
Total net assets with donor restrictions	10,229,575	12,467,861
Total net assets	26,997,142	27,508,144
Total Liabilities and Net Assets	\$ 31,788,119	\$ 31,545,873

See notes to financial statements

**WORLD LITERATURE CRUSADE  
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**Statements of Activities**

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 1,961,947	\$ 56,449,831	\$ 58,411,778	\$ 2,062,311	\$ 57,143,720	\$ 59,206,031
Gift-in-kind	1,604,904	-	1,604,904	1,280,888	-	1,280,888
Bequests and other agreements	1,044,066	-	1,044,066	691,950	18,855	710,805
Change in value of gift annuities and trusts	269,694	56,842	326,536	(600,756)	(242,957)	(843,713)
Investment income (loss) - net	503,053	-	503,053	(291,095)	-	(291,095)
Privately held shares investment income	127,888	-	127,888	112,148	-	112,148
Other income	324,330	-	324,330	119,300	-	119,300
<b>Total Support and Revenue</b>	<b>5,835,882</b>	<b>56,506,673</b>	<b>62,342,555</b>	<b>3,374,746</b>	<b>56,919,618</b>	<b>60,294,364</b>
<b>NET ASSETS RELEASED:</b>						
Purpose and time restrictions	50,234,219	(50,234,219)	-	46,877,726	(46,877,726)	-
Administrative assessments	8,510,740	(8,510,740)	-	7,726,657	(7,726,657)	-
	<b>58,744,959</b>	<b>(58,744,959)</b>	<b>-</b>	<b>54,604,383</b>	<b>(54,604,383)</b>	<b>-</b>
<b>EXPENSES:</b>						
Program services:						
Evangelism outreach	51,312,179	-	51,312,179	48,620,391	-	48,620,391
Prayer and vision	6,291,564	-	6,291,564	5,251,095	-	5,251,095
	<b>57,603,743</b>	<b>-</b>	<b>57,603,743</b>	<b>53,871,486</b>	<b>-</b>	<b>53,871,486</b>
Supporting activities:						
General and administrative	3,326,742	-	3,326,742	3,347,221	-	3,347,221
Fundraising	1,923,072	-	1,923,072	2,167,031	-	2,167,031
	<b>5,249,814</b>	<b>-</b>	<b>5,249,814</b>	<b>5,514,252</b>	<b>-</b>	<b>5,514,252</b>
<b>Total Expenses</b>	<b>62,853,557</b>	<b>-</b>	<b>62,853,557</b>	<b>59,385,738</b>	<b>-</b>	<b>59,385,738</b>

(continued)

See notes to financial statements

**WORLD LITERATURE CRUSADE  
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**Statements of Activities**  
(continued)

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets	1,727,284	(2,238,286)	(511,002)	(1,406,609)	2,315,235	908,626
Net Assets, Beginning of Year	15,040,283	12,467,861	27,508,144	16,446,892	10,152,626	26,599,518
Net Assets, End of Year	\$ 16,767,567	\$ 10,229,575	\$ 26,997,142	\$ 15,040,283	\$ 12,467,861	\$ 27,508,144

See notes to financial statements

**WORLD LITERATURE CRUSADE  
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**Statement of Functional Expenses**

Year Ended December 31, 2023

	Program Services			Supporting Activities			2023 Total Expenses
	Evangelism Outreach	Prayer and Vision	Total	General and Administrative	Fundraising	Total	
Grants	\$ 48,666,286	\$ 2,744,867	\$ 51,411,153	\$ 70,048	\$ 69,292	\$ 139,340	\$ 51,550,493
Salaries and benefits	1,677,146	2,216,432	3,893,578	1,983,023	1,147,766	3,130,789	7,024,367
Travel and business	208,748	178,538	387,286	211,380	79,457	290,837	678,123
Professional fees	132,997	181,141	314,138	239,820	121,358	361,178	675,316
Equipment and maintenance	148,581	205,158	353,739	167,428	123,107	290,535	644,274
Supplies and miscellaneous	79,392	74,390	153,782	90,480	66,353	156,833	310,615
Printing, postage, and shipping	2,485	77,216	79,701	105,225	121,605	226,830	306,531
Seminars and conferences	67,905	70,857	138,762	91,176	55,196	146,372	285,134
Other	73,799	47,419	121,218	52,350	1,925	54,275	175,493
Events	86,018	46,664	132,682	19,938	7,674	27,612	160,294
Utilities	23,457	61,694	85,151	29,924	6,478	36,402	121,553
Media	29,173	54,707	83,880	23,201	12,980	36,181	120,061
Advertising and promotion	2,398	27,330	29,728	35,642	39,931	75,573	105,301
Telephone	29,755	19,264	49,019	21,040	20,911	41,951	90,970
Liability insurance	2,936	6,716	9,652	24,958	519	25,477	35,129
Cost of sales	2,029	7,183	9,212	8,526	8,085	16,611	25,823
<b>Total Operating Expenses</b>	<b>51,233,105</b>	<b>6,019,576</b>	<b>57,252,681</b>	<b>3,174,159</b>	<b>1,882,637</b>	<b>5,056,796</b>	<b>62,309,477</b>
Depreciation	76,024	262,838	338,862	103,783	40,435	144,218	483,080
Depletion of natural resources	3,050	9,150	12,200	48,800	-	48,800	61,000
<b>Total Expenses</b>	<b>\$ 51,312,179</b>	<b>\$ 6,291,564</b>	<b>\$ 57,603,743</b>	<b>\$ 3,326,742</b>	<b>\$ 1,923,072</b>	<b>\$ 5,249,814</b>	<b>\$ 62,853,557</b>

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	Fundraising	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
Travel and business	167,341	153,713	321,054	163,714	125,404	289,118	610,172
Professional fees	85,822	127,447	213,269	129,017	66,327	195,344	408,613
Equipment and maintenance	138,026	225,417	363,443	137,489	109,440	246,929	610,372
Supplies and miscellaneous	86,882	122,621	209,503	107,857	83,902	191,759	401,262
Printing, postage, and shipping	23,680	129,864	153,544	142,266	159,429	301,695	455,239
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
Events	245,769	256,842	502,611	109,299	183,083	292,382	794,993
Utilities	25,476	67,622	93,098	25,791	13,210	39,001	132,099
Media	16,796	14,376	31,172	9,789	12,389	22,178	53,350
Advertising and promotion	41,489	152,026	193,515	106,903	109,875	216,778	410,293
Telephone	18,157	20,965	39,122	16,358	15,922	32,280	71,402
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
<b>Total Operating Expenses</b>	<b>48,544,090</b>	<b>4,984,473</b>	<b>53,528,563</b>	<b>3,219,682</b>	<b>2,119,037</b>	<b>5,338,719</b>	<b>58,867,282</b>
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
<b>Total Expenses</b>	<b>\$ 48,620,391</b>	<b>\$ 5,251,095</b>	<b>\$ 53,871,486</b>	<b>\$ 3,347,221</b>	<b>\$ 2,167,031</b>	<b>\$ 5,514,252</b>	<b>\$ 59,385,738</b>

See notes to financial statements

**WORLD LITERATURE CRUSADE  
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**Statements of Cash Flows**

	Year Ended December 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (511,002)	\$ 908,626
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized losses (gains) on investments	(503,053)	291,095
Depreciation	483,080	457,456
Depletion of natural resources	61,000	61,000
Change in value of gift annuities and trusts	(326,536)	843,713
Change in operating assets and liabilities:		
Inventory	13,881	18,883
Prepaid expenses and other assets	163,414	211,016
Accounts payable and accrued expenses	502,695	(76,765)
Net Cash Provided (Used) by Operating Activities	(116,521)	2,715,024
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(6,474,153)	(996,000)
Sale of investments	-	1,021,318
Proceeds from sale of assets under gift annuity and trust agreements	580,368	-
Purchases of assets under gift annuity and trust agreements	(62,000)	(572,345)
Sale of investments for distributions	409,025	530,836
Purchases of property and equipment	(1,419,568)	(172,690)
Net Cash Used by Investing Activities	(6,966,328)	(188,881)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Non-gift portion of new annuities and trusts	40,581	308,857
Trustor and annuitant payments	(409,025)	(530,836)
Net Cash Used by Financing Activities	(368,444)	(221,979)
Net Change in Cash and Cash Equivalents	(7,451,293)	2,304,164
Cash and Cash Equivalents, Beginning of Year	11,496,349	9,192,185
Cash and Cash Equivalents, End of Year	\$ 4,045,056	\$ 11,496,349

See notes to financial statements

# WORLD LITERATURE CRUSADE DBA EVERY HOME FOR CHRIST

## Notes to Financial Statements

December 31, 2023 and 2022

### 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 165 nations) have provided over 5.665 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, 2023 and 2022

### **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, 2023 and 2022, amounts on deposit exceeding federally insured limits were approximately \$2,050,000 and \$11,080,000, 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, 2023 and 2022.

#### **INVESTMENTS**

EHC has invested in marketable securities with readily determinable fair values, which include equities, fixed income securities and mutual funds, which are all recorded at fair value. Also included within investments are 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, 2023 and 2022 was \$61,000.

# WORLD LITERATURE CRUSADE DBA EVERY HOME FOR CHRIST

## Notes to Financial Statements

December 31, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

##### *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.

# WORLD LITERATURE CRUSADE DBA EVERY HOME FOR CHRIST

## Notes to Financial Statements

December 31, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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).

#### 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.

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

## **Notes to Financial Statements**

December 31, 2023 and 2022

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

#### **CLASSES OF NET ASSETS, continued**

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.

#### **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, 2023 and 2022 was \$105,301 and \$410,293, respectively, as noted on the statements of functional expenses.

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## **Notes to Financial Statements**

December 31, 2023 and 2022

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

#### **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 first six months of the year ended December 31, 2022, the administrative assessment was primarily 12%. For the remainder of 2022, and for all of the year ended December 31, 2023, the administrative assessment was primarily 15%. The administrative fee varies based upon the type of gift given.

#### **DEFERRED COMPENSATION AGREEMENT**

During the year ended December 31, 2023, EHC entered into a deferred compensation agreement with former staff. EHC has not and is not required to set aside specific assets related to this agreement. The liability created by this agreement totaled \$600,000 as of December 31, 2023, and this liability is included in accounts payable and accrued expenses on the statements of financial position.



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**Notes to Financial Statements**

December 31, 2023 and 2022

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, 2023 and 2022 are as follows:

	December 31, 2023	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	\$ 1,343,558	\$ 1,343,558	\$ -	\$ -
Bonds:				
Governmental	1,441,135	-	1,441,135	-
Corporate	1,066,917	-	1,066,917	-
Municipal	163,785	-	163,785	-
Equities	5,425,352	5,425,352	-	-
U.S. Treasury bills	2,005,932	-	2,005,932	-
Beneficial interest in trust agreements	527,510	-	-	527,510
	11,974,189	\$ 6,768,910	\$ 4,677,769	\$ 527,510

Investments and assets under gift annuity and  
trust agreements held at cost:

Cash and cash equivalents	461,847
Certificates of deposit	4,980,000
Privately held shares	91,500

Total investments and assets under  
gift annuity and trust agreements \$ 17,507,536

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**Notes to Financial Statements**

December 31, 2023 and 2022

3. FAIR VALUE MEASUREMENTS, continued:

	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 held at cost:				
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			

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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**Notes to Financial Statements**

December 31, 2023 and 2022

3. FAIR VALUE MEASUREMENTS, continued:

The following table provides further details of Level 3 fair value measurements as of December 31, 2023 and 2022:

	December 31,	
	2023	2022
Beginning balance	\$ 527,510	\$ 603,919
Change in value of split-interest agreements	-	(76,409)
Ending balance	<u>\$ 527,510</u>	<u>\$ 527,510</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, 2023 and 2022:

	December 31,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 4,045,056	\$ 11,496,349
Accounts receivable	21,352	5,835
Investments	10,201,604	3,285,398
Assets under gift annuity and trust agreements	7,305,932	7,287,792
Financial assets, at year-end	<u>21,573,944</u>	<u>22,075,374</u>
Less those unavailable for general expenditure within one year, due to:		
Privately held shares	(91,500)	(152,500)
Donor imposed restrictions:		
Irrevocable trusts, donor restricted as to purpose and use	(2,364,319)	(2,258,084)
Irrevocable trusts, donor restricted in perpetuity	(606,918)	(587,443)
Board designated quasi-endowment	(3,124,172)	(2,136,898)
State required annuity reserves	<u>(2,578,670)</u>	<u>(3,874,893)</u>
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 12,808,365</u>	<u>\$ 13,065,556</u>

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## Notes to Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022, net assets with donor restrictions of \$7,271,530 and \$9,566,658, 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, 2023 and 2022, 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,	
	2023	2022
Land	\$ 813,149	\$ 426,846
Building and improvements	13,620,408	12,948,345
Office and computer equipment	1,493,092	1,493,092
Vehicles	209,900	163,914
Furniture and fixtures	963,892	963,892
	17,100,441	15,996,089
Accumulated depreciation	(7,372,306)	(6,936,867)
	9,728,135	9,059,222
Construction in process	341,843	74,268
	\$ 10,069,978	\$ 9,133,490

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**Notes to Financial Statements**

December 31, 2023 and 2022

6. INVESTMENTS:

The investment assets consist of:

	December 31,	
	2023	2022
<u>Assets:</u>		
Cash and cash equivalents	\$ 26,759	\$ 60,374
Certificates of deposit	4,980,000	996,000
Mutual funds	567,470	425,078
Bonds—governmental	271,116	88,333
Bonds—corporate	530,794	465,167
Equities	1,728,033	1,097,946
U.S. Treasury bills	2,005,932	-
Privately held shares	91,500	152,500
	\$ 10,201,604	\$ 3,285,398

7. GIFT ANNUITY AND TRUST AGREEMENTS:

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

	December 31,	
	2023	2022
<u>Assets:</u>		
Cash and cash equivalents	\$ 435,088	\$ 334,490
Mutual funds	776,088	862,815
Bonds—governmental	1,170,019	1,159,641
Bonds—corporate	536,123	478,635
Bonds—municipal	163,785	158,860
Equities	3,697,319	3,765,841
Beneficial interest in trust agreements	527,510	527,510
	\$ 7,305,932	\$ 7,287,792
<u>Liabilities:</u>		
Gift annuities	\$ 2,343,649	\$ 2,173,911
Irrevocable trusts	1,640,318	1,559,503
	\$ 3,983,967	\$ 3,733,414

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**Notes to Financial Statements**

December 31, 2023 and 2022

7. GIFT ANNUITY AND TRUST AGREEMENTS, continued:

The change in value of gift annuities and trust agreements for the years ended December 31, 2023 and 2022, consists of:

	December 31,	
	2023	2022
Interest and dividends	\$ 147,396	\$ 116,485
Net realized and unrealized gains (losses)	862,317	(887,355)
Actuarial change	(662,565)	401,307
Matured agreements	452,593	204,171
Trustor and annuitant payments	(409,025)	(530,836)
Investment administrative expenses	(64,180)	(71,076)
Loss on beneficial interest in trust agreements	-	(76,409)
	\$ 326,536	\$ (843,713)

8. 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.

9. 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 \$222,145 and \$220,678, for the years ended December 31, 2023 and 2022, respectively.

10. RELATED PARTIES:

During the years ended December 31, 2023 and 2022, EHC granted funds totaling approximately \$1,822,000 and \$1,731,000, respectively, to EHC Americas, an affiliated organization in which the brother of EHC's chief financial officer is the executive director.

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## **Notes to Financial Statements**

December 31, 2023 and 2022

### **11. GIFT-IN-KIND SUPPORT:**

Gift-in-kind support primarily consisted of contributed evangelism booklets totaling \$1,460,867 and \$1,280,888 for the years ended December 31, 2023 and 2022, 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. Other contributed materials for years ended December 31, 2023, and 2022 totaled \$144,037 and \$0, respectively, and were utilized in the Evangelism Outreach program. Other contributed materials were received without donor-imposed restrictions and are valued based on what it would have cost EHC to purchase the materials in a comparable market.

### **12. SUPPORT AND REVENUE CONCENTRATION:**

During the years ended December 31, 2023 and 2022, EHC received contributions from a foundation that totaled \$54,000,000 and \$36,000,000, respectively. These gifts accounted for approximately 87% and 60% of total support and revenue for the year ended December 31, 2023 and 2022, 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. This other foundation did not give significant donations to EHC during the year ended December 31, 2023.

### **13. SUBSEQUENT EVENTS:**

Subsequent events have been evaluated through April 9, 2024, which is the date the financial statements were available to be issued.