

**JOHN 3:16 MISSION**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**SEPTEMBER 30, 2023 AND 2022**

## **JOHN 3:16 MISSION**

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## INDEPENDENT AUDITOR'S REPORT

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The Board of Directors  
John 3:16 Mission  
Tulsa, Oklahoma

### *Opinion*

We have audited the accompanying financial statements of John 3:16 Mission (“the Mission”), which comprise the statements of financial position as of September 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of John 3:16 Mission as of September 30, 2023, and the changes in 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibility section of our report. We are required to be independent of John 3:16 Mission 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.

### *Other Matter*

The financial statements of John 3:16 Mission for the year ended September 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on September 29, 2023.

### *Management’s Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the

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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 John 3:16 Mission's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditor's Responsibility*

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of John 3:16 Mission'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 John 3:16 Mission'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.

*CCK Strategies, PLLC*

Tulsa, Oklahoma  
January 25, 2024

**JOHN 3:16 MISSION**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2023 AND 2022**

|  | 2023           | 2022           |
|--|----------------|----------------|
| <b>ASSETS</b>                          |                |                |
| <b>CURRENT ASSETS</b>                  |                |                |
| Cash and cash equivalents              | \$ 8,492,520   | \$ 7,109,630   |
| Short-term investments                 | -              | 4,998,256      |
| Prepays and other current assets       | 19,211         | 12,732         |
| Total current assets                   | 8,511,731      | 12,120,618     |
| <br><b>PROPERTY AND EQUIPMENT, net</b> | <br>16,555,900 | <br>11,627,934 |
| Total assets                           | \$ 25,067,631  | \$ 23,748,552  |
| <br><b>LIABILITIES AND NET ASSETS</b>  |                |                |
| <b>CURRENT LIABILITIES</b>             |                |                |
| Accounts payable                       | \$ 1,329,307   | \$ 540,416     |
| Accrued liabilities                    | 219,835        | 101,282        |
| Total current liabilities              | 1,549,142      | 641,698        |
| <br><b>MORTGAGE PAYABLE</b>            | <br>1,000,000  | <br>1,000,000  |
| Total liabilities                      | 2,549,142      | 1,641,698      |
| <br><b>NET ASSETS</b>                  |                |                |
| Net assets without donor restrictions  | 16,177,535     | 13,985,211     |
| Net assets with donor restrictions     | 6,340,954      | 8,121,643      |
| Total net assets                       | 22,518,489     | 22,106,854     |
| Total liabilities and net assets       | \$ 25,067,631  | \$ 23,748,552  |

**JOHN 3:16 MISSION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

|  | 2023          | 2022          |
|--|---------------|---------------|
| <b>CHANGE IN NET ASSETS WITHOUT<br/>DONOR RESTRICTIONS</b> |               |               |
| <b>SUPPORT AND REVENUE</b>                                 |               |               |
| Contributions  | \$ 7,792,557  | \$ 7,699,433  |
| Contributions in-kind                                      | 2,451,399     | 2,527,084     |
| Net assets released from donor restrictions                | 3,295,744     | 242,307       |
| Fundraising events   | -             | 35,781        |
| Investment income  | 400,216       | 25,683        |
| Gain on sales of assets                                    | 101,240       | -             |
| Other income   | 140,376       | 79,821        |
| Total support and revenue without donor restrictions       | 14,181,532    | 10,610,109    |
| <b>EXPENSES</b>  |               |               |
| Program expenses:  |               |               |
| Men's ministries   | 2,568,287     | 2,420,356     |
| Family and youth ministries                                | 3,026,294     | 2,789,631     |
| Women's ministries   | 899,448       | 732,810       |
| All other programs   | 2,147,967     | 1,969,851     |
| Total program expenses                                     | 8,641,996     | 7,912,648     |
| Management and general                                     | 853,969       | 694,897       |
| Fundraising  | 2,493,243     | 2,091,094     |
| Total expenses   | 11,989,208    | 10,698,639    |
| Change in net assets without donor restrictions            | 2,192,324     | (88,530)      |
| <b>CHANGE IN NET ASSETS WITH<br/>DONOR RESTRICTIONS</b>    |               |               |
| CONTRIBUTIONS  | 1,515,055     | 1,615,637     |
| NET ASSETS RELEASED FROM DONOR RESTRICTIONS                | (3,295,744)   | (242,307)     |
| Change in net assets with donor restrictions               | (1,780,689)   | 1,373,330     |
| <b>CHANGE IN NET ASSETS</b>                                | 411,635       | 1,284,800     |
| NET ASSETS, beginning of year                              | 22,106,854    | 20,822,054    |
| NET ASSETS, end of year                                    | \$ 22,518,489 | \$ 22,106,854 |

**JOHN 3:16 MISSION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|                           | <u>Program Services</u> |                                   |                       |                       |                              | <u>Supporting Services</u> |                     |                                 | Total<br>Expenses    |
|---------------------------|-------------------------|-----------------------------------|-----------------------|-----------------------|------------------------------|----------------------------|---------------------|---------------------------------|----------------------|
|                           | Men's<br>Ministries     | Family and<br>Youth<br>Ministries | Women's<br>Ministries | All Other<br>Programs | Total<br>Program<br>Services | Management<br>and General  | Fundraising         | Total<br>Supporting<br>Services |                      |
| Advertising               | \$ 44,945               | \$ 47,458                         | \$ 17,408             | \$ 23,971             | \$ 133,782                   | \$ 2,226                   | \$ 858,930          | \$ 861,156                      | \$ 994,938           |
| Benevolences              | 42,801                  | 1,454,987                         | 6,474                 | 896,953               | 2,401,215                    | 2,501                      | -                   | 2,501                           | 2,403,716            |
| Building and grounds      | 28,578                  | 24,124                            | 4,520                 | 19,954                | 77,176                       | 12                         | -                   | 12                              | 77,188               |
| Conferences               | 3,729                   | 3,205                             | 2,288                 | 630                   | 9,852                        | 29,503                     | 7,134               | 36,637                          | 46,489               |
| Depreciation              | 334,295                 | 138,937                           | 15,822                | 359,642               | 848,696                      | 55,771                     | -                   | 55,771                          | 904,467              |
| Dues and subscriptions    | 1,948                   | 139                               | 974                   | -                     | 3,061                        | 31,310                     | 5,086               | 36,396                          | 39,457               |
| Equipment costs           | 35,777                  | 13,460                            | 6,791                 | 13,229                | 69,257                       | -                          | -                   | -                               | 69,257               |
| Food                      | 336,811                 | -                                 | 91,399                | -                     | 428,210                      | -                          | -                   | -                               | 428,210              |
| Gratitudes and allowances | 4,782                   | 688                               | 7,957                 | 448                   | 13,875                       | 3,249                      | -                   | 3,249                           | 17,124               |
| Insurance                 | 35,852                  | 35,862                            | 8,665                 | 53,344                | 133,723                      | 8,665                      | 8,665               | 17,330                          | 151,053              |
| Janitorial                | 6,829                   | 1,975                             | 1,723                 | 9,171                 | 19,698                       | -                          | 250                 | 250                             | 19,948               |
| Meals and meetings        | 673                     | 16,376                            | 541                   | 1,690                 | 19,280                       | 13,430                     | 6,404               | 19,834                          | 39,114               |
| Medical                   | 2,488                   | -                                 | 939                   | 138                   | 3,565                        | -                          | -                   | -                               | 3,565                |
| Miscellaneous             | 28,751                  | 143,590                           | 31,805                | 34,292                | 238,438                      | 191,410                    | 232,016             | 423,426                         | 661,864              |
| Office supplies           | 97,400                  | 35,521                            | 30,883                | 48,429                | 212,233                      | 39,392                     | 9,064               | 48,456                          | 260,689              |
| Postage                   | 109                     | -                                 | -                     | 942                   | 1,051                        | 9,761                      | 757,528             | 767,289                         | 768,340              |
| Printing                  | 46                      | 310                               | -                     | 27                    | 383                          | 444                        | 16,458              | 16,902                          | 17,285               |
| Professional services     | 2,425                   | -                                 | 900                   | 30                    | 3,355                        | 75,036                     | 65,789              | 140,825                         | 144,180              |
| Recreation                | 21,051                  | 104,800                           | 9,220                 | -                     | 135,071                      | -                          | -                   | -                               | 135,071              |
| Rent                      | 5,876                   | 3,797                             | 3,190                 | 36,226                | 49,089                       | 17,668                     | 2,911               | 20,579                          | 69,668               |
| Security                  | 153,736                 | 5,291                             | 18,857                | 48,164                | 226,048                      | 20,694                     | 20,694              | 41,388                          | 267,436              |
| Telephone                 | 27,615                  | 31,192                            | 5,153                 | 8,136                 | 72,096                       | 31,247                     | 6,331               | 37,578                          | 109,674              |
| Transportation            | 27,566                  | 17,037                            | 17,587                | 57,515                | 119,705                      | 13,357                     | 7,381               | 20,738                          | 140,443              |
| Utilities                 | 135,755                 | 119,284                           | 13,788                | 29,805                | 298,632                      | 2,512                      | 2,512               | 5,024                           | 303,656              |
| Wages and payroll taxes   | 1,188,449               | 828,261                           | 602,564               | 505,231               | 3,124,505                    | 305,781                    | 486,090             | 791,871                         | 3,916,376            |
| <b>Total expenses</b>     | <b>\$ 2,568,287</b>     | <b>\$ 3,026,294</b>               | <b>\$ 899,448</b>     | <b>\$ 2,147,967</b>   | <b>\$ 8,641,996</b>          | <b>\$ 853,969</b>          | <b>\$ 2,493,243</b> | <b>\$ 3,347,212</b>             | <b>\$ 11,989,208</b> |

**JOHN 3:16 MISSION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

|                           | <u>Program Services</u> |                                   |                       |                       |                              | <u>Supporting Services</u> |                     |                                 | Total<br>Expenses    |
|---------------------------|-------------------------|-----------------------------------|-----------------------|-----------------------|------------------------------|----------------------------|---------------------|---------------------------------|----------------------|
|                           | Men's<br>Ministries     | Family and<br>Youth<br>Ministries | Women's<br>Ministries | All Other<br>Programs | Total<br>Program<br>Services | Management<br>and General  | Fundraising         | Total<br>Supporting<br>Services |                      |
| Advertising               | \$ 53,723               | \$ 57,645                         | \$ 9,331              | \$ 26,898             | \$ 147,597                   | \$ 2,594                   | \$ 576,563          | \$ 579,157                      | \$ 726,754           |
| Benevolences              | 56,987                  | 1,353,024                         | 6,125                 | 989,345               | 2,405,481                    | 17,289                     | -                   | 17,289                          | 2,422,770            |
| Building and grounds      | 34,971                  | 47,831                            | 2,487                 | 39,329                | 124,618                      | -                          | -                   | -                               | 124,618              |
| Conferences               | 1,817                   | 1,425                             | 3,917                 | 69                    | 7,228                        | 26,059                     | 2,124               | 28,183                          | 35,411               |
| Depreciation              | 325,870                 | 122,604                           | 14,905                | 200,390               | 663,769                      | 46,518                     | -                   | 46,518                          | 710,287              |
| Dues and subscriptions    | 1,520                   | 566                               | 662                   | -                     | 2,748                        | 30,945                     | 1,523               | 32,468                          | 35,216               |
| Equipment costs           | 41,799                  | 26,958                            | 6,927                 | 17,355                | 93,039                       | 482                        | -                   | 482                             | 93,521               |
| Food                      | 457,223                 | -                                 | 40,026                | -                     | 497,249                      | -                          | -                   | -                               | 497,249              |
| Gratitudes and allowances | 23,872                  | 192                               | 5,435                 | -                     | 29,499                       | 5,047                      | 925                 | 5,972                           | 35,471               |
| Insurance                 | 32,256                  | 32,256                            | 14,416                | 46,672                | 125,600                      | 31,047                     | 14,416              | 45,463                          | 171,063              |
| Janitorial                | 7,583                   | 1,260                             | 1,032                 | 12,229                | 22,104                       | -                          | 516                 | 516                             | 22,620               |
| Meals and meetings        | 955                     | 13,969                            | 677                   | 340                   | 15,941                       | 13,897                     | 5,810               | 19,707                          | 35,648               |
| Medical                   | 2,685                   | -                                 | 350                   | -                     | 3,035                        | -                          | -                   | -                               | 3,035                |
| Miscellaneous             | 11,519                  | 96,434                            | 12,046                | 12,024                | 132,023                      | 45,389                     | 243,393             | 288,782                         | 420,805              |
| Office supplies           | 96,371                  | 42,224                            | 16,069                | 47,725                | 202,389                      | 33,930                     | 5,609               | 39,539                          | 241,928              |
| Postage                   | 231                     | 24                                | -                     | 732                   | 987                          | 5,612                      | 620,597             | 626,209                         | 627,196              |
| Printing                  | 440                     | 203                               | -                     | 718                   | 1,361                        | 2,642                      | 53,438              | 56,080                          | 57,441               |
| Professional services     | 4,050                   | -                                 | 1,875                 | -                     | 5,925                        | 63,354                     | 40,217              | 103,571                         | 109,496              |
| Recreation                | 18,534                  | 41,958                            | 6,820                 | -                     | 67,312                       | -                          | -                   | -                               | 67,312               |
| Rent                      | 4,250                   | 2,776                             | 1,730                 | 36,874                | 45,630                       | 11,378                     | 2,062               | 13,440                          | 59,070               |
| Security                  | 93,272                  | 5,015                             | 18,062                | 28,478                | 144,827                      | 21,667                     | 24,253              | 45,920                          | 190,747              |
| Telephone                 | 27,105                  | 16,563                            | 3,944                 | 9,233                 | 56,845                       | 25,115                     | 7,652               | 32,767                          | 89,612               |
| Transportation            | 25,768                  | 11,852                            | 23,884                | 53,441                | 114,945                      | 13,327                     | 8,663               | 21,990                          | 136,935              |
| Utilities                 | 121,298                 | 72,255                            | 9,944                 | 35,871                | 239,368                      | 10,235                     | 9,945               | 20,180                          | 259,548              |
| Wages and payroll taxes   | 976,257                 | 842,597                           | 532,146               | 412,128               | 2,763,128                    | 288,370                    | 473,388             | 761,758                         | 3,524,886            |
| <b>Total expenses</b>     | <b>\$ 2,420,356</b>     | <b>\$ 2,789,631</b>               | <b>\$ 732,810</b>     | <b>\$ 1,969,851</b>   | <b>\$ 7,912,648</b>          | <b>\$ 694,897</b>          | <b>\$ 2,091,094</b> | <b>\$ 2,785,991</b>             | <b>\$ 10,698,639</b> |



**JOHN 3:16 MISSION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

|  | 2023             | 2022               |
|--|------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                  |                    |
| Change in net assets   | \$ 411,635       | \$ 1,284,800       |
| Adjustments to reconcile change in net assets to net change in cash from operating activities: |                  |                    |
| Depreciation   | 904,467          | 710,288            |
| Net realized and unrealized losses on investments  | (90,975)         | 10,052             |
| Contributions restricted to long-term purposes   | -                | (1,452,335)        |
| Gain on sales of assets  | (101,240)        | -                  |
| Changes in operating assets and liabilities:   |                  |                    |
| Promises to give, net  | -                | 1,305,638          |
| Prepays and other current assets   | (6,479)          | 44,959             |
| Accounts payable   | 788,891          | 428,253            |
| Accrued liabilities  | 118,553          | 22,126             |
| <b>NET CHANGE IN CASH FROM OPERATING ACTIVITIES</b>  | <b>2,024,852</b> | <b>2,353,781</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                  |                    |
| Purchases of property and equipment  | (5,903,525)      | (4,137,153)        |
| Purchases of investments   | (11,921,004)     | (5,008,308)        |
| Proceeds from sales of property and equipment  | 172,332          | -                  |
| Proceeds from sales and maturities of investments  | 17,010,235       | -                  |
| <b>NET CHANGE IN CASH FROM INVESTING ACTIVITIES</b>  | <b>(641,962)</b> | <b>(9,145,461)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                  |                    |
| Contributions restricted to long-term purposes   | -                | 1,452,335          |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>   | <b>1,382,890</b> | <b>(5,339,345)</b> |
| CASH AND CASH EQUIVALENTS, beginning of year   | 7,109,630        | 12,448,975         |
| CASH AND CASH EQUIVALENTS, end of year   | \$ 8,492,520     | \$ 7,109,630       |

**JOHN 3:16 MISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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**NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

*Organization and Purpose*

John 3:16 Mission (“The Mission”) is a nonprofit corporation formed for the purposes of conducting worship services, providing religious instruction, spiritual aid, and assistance to needy and deserving persons, and following Biblical teaching and preaching by disseminating the gospel and providing emergency material assistance in the form food, clothing, and shelter to the homeless and at-risk population. Incorporated under the State of Oklahoma in October 1952, the Mission has served thousands of men, women, and children through the decades, helping them live a better life grounded in Christian faith.

The Mission’s emergency shelter program provides a safe refuge from the street each night for up to 110 men. The Mission also serves around 350 meals each day to Tulsa’s homeless and at-risk, and to men enrolled in their faith-based recovery programs. Additionally, the Mission operates a Family & Youth Center located in North Tulsa. The Family & Youth Center provides material, spiritual, and educational support to at-risk low-income families living in inner-city environments.

The Mission operates BeeLoved Trading, a separate activity within the Mission to provide vocational training for the homeless, recovering addicts, and under-resourced men, women, youth, and children in the community. BeeLoved Trading is a launching point for the Mission to create steady forms of revenue streams to sustain the Mission’s growth and purpose withing the community.

*Basis of Accounting and Presentation*

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*Net Assets*

The Mission follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (“ASC”) Topic 958 *Not-for-Profit Entities*. The Mission is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Mission and changes therein are classified into the following categories:

- *Net assets without donor restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Mission’s management and the board of directors.

**JOHN 3:16 MISSION**  
**NOTES TO FINANCIAL STATEMENTS *(continued)***  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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- *Net assets with donor restrictions:* Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Mission and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

*Cash Equivalents*

The Mission includes as cash equivalents all investments which, when purchased, had an original maturity of 90 days or less.

*Property and Equipment*

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Additions and improvements in excess of \$500 are capitalized, and maintenance and repairs are charged to expense as incurred.

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 15 years for most technology, furniture, fixtures, and equipment and 40 years for buildings.

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the accounts and any gain or loss on disposal is reflected in earnings in the year of sale.

*Recognition of Contributions*

Contributions are recognized in the period received or pledged. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future period, or are restricted by the donor for specific purposes, are reported as net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. Contributions are recorded at fair value, which is net of estimated uncollectible account.

*Income Taxes*

The Mission is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements. The Mission evaluates its uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings and discussions with outside experts.

**JOHN 3:16 MISSION**  
**NOTES TO FINANCIAL STATEMENTS *(continued)***  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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Management has determined that the Mission had no uncertain tax positions that require adjustment to the financial statements.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Concentrations of Credit Risk*

The Federal Deposit Insurance Corporation (FDIC) currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. As of December 31, 2023 and 2022, the Mission maintains cash deposits with financial institutions in excess of federally insured limits of approximately \$7,461,000 and \$6,473,000, respectively.

*Functional Expenses*

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include certain personnel costs, which are on the basis of time and effort, as well as certain facility costs, which are allocated on the basis of the square footage used by each program and support activity.

*Contributions of Nonfinancial Assets*

The Mission receives donated services from a variety of unpaid volunteers, for which no amounts have been reflected on the financial statements.

The Mission reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Mission reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Mission received in-kind contributions of food, clothing, furniture, household items, and various miscellaneous items that are of use to the clients they serve. These items are generally distributed on a next-day basis. The items received are valued based upon standards and practices developed by the Evangelical Council for Financial Accountability (ECFA). Equal

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**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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amounts of contribution revenue and program expenses related to in-kind contributions of \$2,451,399 and \$2,527,084 were recognized for the years ended September 30, 2023 and 2022.

*Reclassifications*

Certain amounts as previously reported in the 2022 financial statements have been reclassified to conform to the 2023 presentation. Such reclassifications had no effect on reported amounts of net assets or change in net assets.

*Adoption of New FASB Accounting Standard in the Current Year—No Material Effect on the Financial Statements*

The Company adopted Accounting Standards Update (“ASU”) No. 2016-02, *Leases* (“Topic 842”) for the year ended September 30, 2023 using the modified retrospective approach. Under the modified retrospective approach, the Company adjusts the beginning net assets balance to reflect the impact Topic 842 would have had if the standard had always been followed. Taking into consideration the practical expedients elected below, this beginning net assets adjustment had no material impact on the Company’s financial statements.

The Company has elected several practical expedients in applying the new standard. Applied as a group, the Company:

- Did not reassess whether any expired or existing contracts are or contain leases.
- Did not reassess the lease classification for any expired or existing leases.
- Did not reassess initial direct costs for any existing leases.

Additionally, in applying the individual practical expedients allowed by Topic 842 the Company:

- Elects to expense short term leases (those with a term of less than one year) rather than account for them as prescribed for other leases under Topic 842.

See Note E for further discussion of the Company’s leases.

**NOTE B - LIQUIDITY AND RESERVES**

The following table reflects the Mission’s financial assets as of September 30, 2023 and 2022 that could readily be made available within one year of the statements of financial position to fund general expenditures without limitations. Net assets with donor restrictions, except those restricted by donors for future capital projects, are restricted by purpose and are considered available for the next period.

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Assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions, as of September 30 consist of the following:

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| Financial assets:  |                     |                     |
| Cash and cash equivalents  | \$ 8,492,520        | \$ 7,109,630        |
| Investments  | -                   | 4,998,256           |
| Total financial assets   | <u>8,492,520</u>    | <u>12,107,886</u>   |
| Less those unavailable for general expenditures within one year due to:                |                     |                     |
| Financial assets restricted for capital projects                                       | <u>(5,790,531)</u>  | <u>(7,610,331)</u>  |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 2,701,989</u> | <u>\$ 4,497,555</u> |

**NOTE C - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments were \$0 as of September 30, 2023 and consisted of the following as of September 30, 2022:

|                         | <u>2022</u>         |                     |
|-------------------------|---------------------|---------------------|
|                         | <u>Cost</u>         | <u>Market</u>       |
| Short-term:             |                     |                     |
| Money market funds      | \$ 18,513           | \$ 18,513           |
| Long-term:              |                     |                     |
| Fixed income securities | <u>4,981,322</u>    | <u>4,979,743</u>    |
| Total investments       | <u>\$ 4,999,835</u> | <u>\$ 4,998,256</u> |

The Mission has implemented FASB ASC 820-10-50-2, Fair Value Measurements, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10-50-2 are described below:

Level 1 – Quoted prices in active markets for identical securities

Level 2 – Other significant observable inputs (including quoted prices for similar securities)

Level 3 – Significant unobservable inputs (including the Mission’s own assumption in determining the value of investments)

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The following is a summary of the inputs used as of September 30, 2022 in valuing the Mission's assets carried at fair value:

|   | <b>2022</b>  |
|---|--------------|
| Level 1 - Quoted prices                       | \$ 4,998,256 |
| Level 2 - Other significant observable inputs | -            |
| Level 3 - Significant unobservable inputs     | -            |
| Total   | \$ 4,998,256 |

**NOTE D - PROPERTY AND EQUIPMENT**

Components of property and equipment as of September 30, 2023 and September 30, 2022 consist of the following:

|                             | <b>2023</b>   | <b>2022</b>   |
|-----------------------------|---------------|---------------|
| Land                        | \$ 1,183,380  | \$ 1,184,124  |
| Buildings and improvements  | 15,486,252    | 12,402,635    |
| Equipment                   | 1,189,332     | 471,668       |
| Furnitures and fixtures     | 2,073,125     | 1,565,449     |
| Vehicles                    | 476,357       | 396,846       |
| Construction in progress    | 1,931,573     | 511,312       |
| Total cost                  | 22,340,019    | 16,532,034    |
| Accumulated depreciation    | (5,784,119)   | (4,904,100)   |
| Property and equipment, net | \$ 16,555,900 | \$ 11,627,934 |

Depreciation expense for the year ended September 30, 2023 and September 30, 2022 was \$904,467 and \$710,287, respectively.

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**NOTE E - LEASES**

As of September 30, 2023, the Mission has an active operating lease for occupancy of a warehouse and multiple operating lease agreements for the rental of office equipment and parking lot space. The lease agreements have no stipulated termination dates and can be terminated at any time at the discretion of either the lessor or lessee.

Rent expense for the year ended September 30, 2023 and September 30, 2022 was \$36,226 and \$36,521, respectively.

**NOTE F - MORTGAGE PAYABLE**

In April 2014, the Mission entered into a mortgage note contract with BOK Financial pursuant to the Federal Home Loan Bank of San Francisco's Affordable Housing Program in the amount of \$1,000,000, collateralized by real estate. The note provided funds to be used for the Mission's Men's Center Expansion and Rehabilitation program.

The note is non-interest bearing and has a 15-year retention period, during which the Mission must comply with the terms of the agreement. Upon expiration of the retention period without default by the Mission, the note will be deemed satisfied, and the Mission will have no further obligations related to it. In the event of default, as defined in the note agreement, the outstanding principal balance would become immediately due and payable in full at the option of the lender.

**NOTE G - NET ASSETS WITH DONOR RESTRICTIONS**

A summary of net assets with donor restrictions for the year ended September 30, 2023 is as follows:

|                  | Beginning<br>Balance | Contributions       | Satisfaction of<br>Restrictions | Ending<br>Balance   |
|------------------|----------------------|---------------------|---------------------------------|---------------------|
| Youth program    | \$ -                 | \$ 24,397           | \$ (24,397)                     | \$ -                |
| Women's program  | -                    | 200                 | (200)                           | -                   |
| Refuge           | -                    | 2,225               | (2,225)                         | -                   |
| Summer kids camp | -                    | 1,344               | (1,344)                         | -                   |
| Capital projects | 8,121,643            | 1,486,889           | (3,267,578)                     | 6,340,954           |
| Total            | <u>\$ 8,121,643</u>  | <u>\$ 1,515,055</u> | <u>\$ (3,295,744)</u>           | <u>\$ 6,340,954</u> |



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A summary of net assets with donor restrictions for the 2022 fiscal year is as follows:

|                  | Beginning<br>Balance | Contributions       | Satisfaction of<br>Restrictions | Ending<br>Balance   |
|------------------|----------------------|---------------------|---------------------------------|---------------------|
| Youth program    | \$ -                 | \$ 65,502           | \$ (65,502)                     | \$ -                |
| Refuge           | -                    | 77,800              | (77,800)                        | -                   |
| Summer kids camp | -                    | 20,000              | (20,000)                        | -                   |
| Capital projects | 6,748,313            | 1,452,335           | (79,005)                        | 8,121,643           |
| <b>Total</b>     | <b>\$ 6,748,313</b>  | <b>\$ 1,615,637</b> | <b>\$ (242,307)</b>             | <b>\$ 8,121,643</b> |

**NOTE H - CONTRIBUTIONS IN KIND**

All donated goods were utilized by the Mission's program and supporting services. There were no donor-imposed restrictions associated with the contributed goods. The donated goods contributed to the Mission consists of the following for the years ended September 30, 2023 and 2022:

|                                | <u>2023</u>         | <u>2022</u>         |
|--------------------------------|---------------------|---------------------|
| Program services               |                     |                     |
| Men's ministries               | \$ 48,241           | \$ 10,939           |
| Family and youth ministries    | 1,396,530           | 1,292,520           |
| Operations                     | 896,953             | 1,097,903           |
| Supporting services            |                     |                     |
| Management and general         | 2,335               | 18,382              |
| Fundraising                    | 107,340             | 107,340             |
| <b>Total contributed goods</b> | <b>\$ 2,451,399</b> | <b>\$ 2,527,084</b> |

**NOTE I - RETIREMENT PLAN**

The Mission provides a 401(k) retirement plan for its employees. The plan is funded by participant contributions, and the Mission made a discretionary contribution of \$200 per month to the plan for all employees. During the years ended September 30, 2023 and 2022, the Mission contributed approximately \$129,000 and \$137,000, respectively, to the 401(k) retirement plan.

Beginning January 1, 2024, the Mission changed its discretionary contribution from \$200 per month to a dollar for dollar match up to 5% of gross pay for each eligible employee. An eligible employee is defined as an employee who has reached one year of employment with the Mission. All eligible employees are fully vested immediately upon entering the plan.

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**NOTES TO FINANCIAL STATEMENTS *(continued)***  
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**NOTE J - COMMITMENTS AND CONTINGENCIES**

As of September 30, 2023, the Mission is committed to spend approximately \$5,800,000 on various capital projects, including costs to complete the construction of the Refuge Men's Center. The Mission incurred approximately \$4,100,000 in capital projects costs during the year ended September 30, 2023.

**NOTE K - SUBSEQUENT EVENTS**

The Mission has evaluated subsequent events and their related disclosure through January 25, 2024, which coincides with the financial statement issuance date and identified no such events.