



FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2020 and 2019

FOCUS ON THE FAMILY AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Focus on the Family and Affiliates
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of Focus on the Family and Affiliates, which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Focus on the Family and Affiliates
Colorado Springs, Colorado

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Focus on the Family and Affiliates as of September 30, 2020 and 2019, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
January 25, 2021

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Financial Position (in thousands)

	September 30,	
	2020	2019
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 14,440	\$ 7,794
Cash restricted for long-term purposes	3,000	3,000
Restricted cash	-	4,000
Accounts receivable–net	607	570
Inventory	1,151	1,207
Pledges receivable–net	101	157
Prepaid expenses	4,992	3,236
Investments	10,563	9,561
	<u>34,854</u>	<u>29,525</u>
Property held for investment	1,529	1,529
Film production costs–net	100	393
Other assets	1,889	2,390
Long-term investments	2,459	3,958
Property and equipment–net	30,115	31,552
Endowment assets	368	349
	<u>71,314</u>	<u>69,696</u>
Total Assets	<u>\$ 71,314</u>	<u>\$ 69,696</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 3,450	\$ 5,481
Accrued expenses	4,535	4,207
Deferred revenue	4,414	4,172
Current portion of charitable gift annuities liability	369	424
	<u>12,768</u>	<u>14,284</u>
Long-term liabilities	715	753
Charitable gift annuities liability–net of current portion	2,423	2,512
	<u>15,906</u>	<u>17,549</u>
Net assets:		
Without donor restrictions	41,860	37,681
With donor restrictions:		
Restricted by purpose and time	13,307	14,225
Restricted in perpetuity	241	241
	<u>55,408</u>	<u>52,147</u>
Total Liabilities and Net Assets	<u>\$ 71,314</u>	<u>\$ 69,696</u>

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Activities (in thousands)

	Year Ended September 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 55,573	\$ 28,654	\$ 84,227	\$ 54,553	\$ 28,268	\$ 82,821
Sales	8,504	-	8,504	8,543	-	8,543
Royalty and licensing revenue	1,737	-	1,737	1,959	-	1,959
Investment income	205	-	205	294	-	294
Event revenue	3,964	-	3,964	4,489	-	4,489
Change in value of annuities	300	-	300	(62)	-	(62)
Loss from joint ventures	(165)	-	(165)	(514)	-	(514)
Other revenue	2,140	-	2,140	1,676	-	1,676
Total Support and Revenue	72,258	28,654	100,912	70,938	28,268	99,206
NET ASSETS RELEASED:						
Time restrictions	202	(202)	-	270	(270)	-
Purpose restrictions	29,370	(29,370)	-	26,032	(26,032)	-
Total Net Assets Released	29,572	(29,572)	-	26,302	(26,302)	-
EXPENSES:						
Program services:						
Marriage	24,545	-	24,545	21,184	-	21,184
Parenting	29,005	-	29,005	27,488	-	27,488
Evangelism and discipleship	15,594	-	15,594	19,376	-	19,376
Advocacy	11,222	-	11,222	12,303	-	12,303
Citizenship	3,596	-	3,596	3,886	-	3,886
	83,962	-	83,962	84,237	-	84,237
Supporting activities:						
General and administrative	7,300	-	7,300	7,446	-	7,446
Fundraising	6,389	-	6,389	6,858	-	6,858
Total Expenses	97,651	-	97,651	98,541	-	98,541
Change in Net Assets	4,179	(918)	3,261	(1,301)	1,966	665
Net Assets, Beginning of Year	37,681	14,466	52,147	38,982	12,500	51,482
Net Assets, End of Year	\$ 41,860	\$ 13,548	\$ 55,408	\$ 37,681	\$ 14,466	\$ 52,147

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Functional Expenses (in thousands)

Year Ended September 30, 2020

	Program Services						Supporting Activities			2020 Total Expenses
	Marriage	Parenting	Evangelism / Discipleship	Advocacy	Citizenship	Total	General and Administrative	Fundraising	Total	
Salaries and benefits	\$ 12,619	\$ 15,110	\$ 7,806	\$ 3,480	\$ 2,053	\$ 41,068	\$ 4,054	\$ 4,113	\$ 8,167	\$ 49,235
Broadcast and publications	6,794	9,871	4,379	4,561	902	26,507	310	1,390	1,700	28,207
Office and technology	2,113	2,179	1,655	768	414	7,129	1,914	352	2,266	9,395
Depreciation and amortization	902	1,144	1,087	280	107	3,520	847	117	964	4,484
Grants and benevolence	1,292	332	374	1,617	42	3,657	-	-	-	3,657
Events and travel	825	369	293	516	78	2,081	175	417	592	2,673
Total Expenses	<u>\$ 24,545</u>	<u>\$ 29,005</u>	<u>\$ 15,594</u>	<u>\$ 11,222</u>	<u>\$ 3,596</u>	<u>\$ 83,962</u>	<u>\$ 7,300</u>	<u>\$ 6,389</u>	<u>\$ 13,689</u>	<u>\$ 97,651</u>

Year Ended September 30, 2019

	Program Services						Supporting Activities			2019 Total Expenses
	Marriage	Parenting	Evangelism / Discipleship	Advocacy	Citizenship	Total	General and Administrative	Fundraising	Total	
Salaries and benefits	\$ 10,604	\$ 13,083	\$ 9,464	\$ 4,537	\$ 2,011	\$ 39,700	\$ 4,169	\$ 4,109	\$ 8,278	\$ 47,978
Broadcast and publications	5,821	10,117	5,387	4,160	1,221	26,706	434	1,523	1,957	28,663
Office and technology	1,945	2,063	2,057	973	422	7,460	1,816	350	2,166	9,626
Depreciation and amortization	710	1,081	1,376	374	119	3,660	867	94	961	4,621
Events and travel	987	891	522	694	89	3,183	160	782	942	4,125
Grants and benevolence	1,117	252	570	1,565	24	3,528	-	-	-	3,528
Total Expenses	<u>\$ 21,184</u>	<u>\$ 27,488</u>	<u>\$ 19,376</u>	<u>\$ 12,303</u>	<u>\$ 3,886</u>	<u>\$ 84,237</u>	<u>\$ 7,446</u>	<u>\$ 6,858</u>	<u>\$ 14,304</u>	<u>\$ 98,541</u>

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Cash Flows (in thousands)

	Year Ended September 30,	
	2020	2019
OPERATING ACTIVITIES:		
Change in net assets	\$ 3,261	\$ 665
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of property and equipment	4,191	4,243
Amortization of film production costs	293	378
Realized loss on sale and disposal of assets	62	568
Net realized and unrealized gain on investments and endowment assets	(8)	(1)
Change in value of annuities	(300)	52
Changes in operating assets:		
Accounts receivable	(37)	269
Inventory	56	(24)
Prepaid expenses	(1,756)	(144)
Pledges receivable	56	32
Other assets	501	11
Changes in operating liabilities:		
Accounts payable and long-term liabilities	(2,069)	1,599
Accrued expenses	328	144
Deferred revenue	242	807
Net Cash Provided by Operating Activities	<u>4,820</u>	<u>8,599</u>
INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,827)	(7,818)
Purchases of investments	(1,364)	(2,352)
Proceeds from sales of investments	2,270	1,754
Proceeds from sales of property and equipment	11	7
Payments for film production	-	(270)
Gift portion of new annuities	(250)	(130)
Net Cash Used by Investing Activities	<u>(2,160)</u>	<u>(8,809)</u>
FINANCING ACTIVITIES:		
Payments on gift annuities	(359)	(413)
Proceeds from issuance of new charitable gift annuities	345	240
Net Cash Used by Financing Activities	<u>(14)</u>	<u>(173)</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	2,646	(383)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>14,794</u>	<u>15,177</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 17,440</u>	<u>\$ 14,794</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTS OF:		
Cash and cash equivalents	\$ 14,440	\$ 7,794
Cash restricted for long-term purposes	3,000	3,000
Restricted cash	<u>-</u>	<u>4,000</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 17,440</u>	<u>\$ 14,794</u>

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

1. NATURE OF ORGANIZATIONS:

Focus on the Family (FOF) is a non-denominational church whose primary objective is to cooperate with the Holy Spirit in sharing the Gospel of Jesus Christ with as many people as possible by nurturing and defending the God-ordained institution of the family and promoting Biblical truths worldwide. The mission of Focus on the Family is accomplished through many ministry activities that include radio broadcasts, periodicals, books, films, videos, internet, and events which share the Gospel of Jesus Christ with constituents, schools, churches, and the public at large in the United States, as well as around the world. The primary sources of revenue are contributions from individuals, businesses, foundations, sales of books and audio-visual materials, and events.

FOF 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, FOF is subject to federal income tax on any unrelated business taxable income. In addition, FOF is not classified as a private foundation within the meaning of Section 509(a) of the IRC. It has been recognized by the IRS as a public charity under Section 509(a)(2) and is a church under Section 170 (b)(1)(A)(i).

Pine Creek Entertainment, LLC (PCE) produces feature-length documentary films that explore and reveal God's design for the family. PCE produced the films Irreplaceable and Dropbox; these are part of a planned series of feature-length documentaries that recover, renew, and reclaim the conversation about God's design for the family. PCE was formed on March 11, 2011 under the laws of Colorado. PCE's legal year-end is December 31, however, for comparability the presentation in the consolidated financial statements reflects the balances and activities for the years ended September 30, 2020 and 2019.

RezilientKidz (RK) was organized on March 11, 2011, as a nonprofit educational corporation under the laws of Colorado and 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, RK is subject to federal income tax on any unrelated business taxable income. In addition, RK is not classified as a private foundation within the meaning of Section 509(a) of the IRC. RK is a charitable, educational, and scientific organization created to champion the needs of children and equip parents to build thriving, healthy families through research, community initiatives, and reliable content.

Focus on the Family Latin America, Sociedad Anonima, whose translation into Spanish is Enfoque A La Familia America Latina, Sociedad Anonima, and may be abbreviated Focus on the Family Latin America, S.A. (FocusLA), was organized on July 22, 2020, as a for-profit corporation under the laws of Costa Rica. FocusLA delivers meaningful help to families in the Spanish-speaking world, by engaging and partnering with Families, the Church, Government, Education, Business, and Media, through a High Leverage, Scalable and Sustainable programming.

PCE, RK, and FocusLA are legally recognized entities that FOF operates. PCE, RK, and FocusLA have common board members and officers, as well as some common management with FOF.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

FOF maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated 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 consolidated 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 consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the consolidated financial resources and activities of FOF, PCE, RK, and FocusLA which will be collectively referred to as Focus. All material transactions and balances between the entities have been eliminated in the consolidation.

In 1983, a related entity, Focus on the Family (Canada) Association, was formed under the nonprofit laws of Canada. In addition, FOF works with several other related organizations throughout the world. These related organizations are legally separate from FOF, and each organization is governed by an independent board of directors; therefore, the assets, liabilities, net assets, and results of their activities have not been included in this report.

CASH AND CASH EQUIVALENTS

Focus considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash includes demand deposit accounts, commercial paper, and money market accounts recorded at cost, which approximates fair value. As of September 30, 2020 and 2019, Focus has cash and cash equivalents on deposit with financial institutions, including restricted cash, that exceed the federally insured (FDIC) balance by approximately \$15,052,000 and \$13,900,000, respectively. Focus has not experienced any losses in such accounts and believe they are not exposed to any significant credit risk on cash and cash equivalents.

CASH RESTRICTED FOR LONG-TERM PURPOSES

Cash restricted for long-term purposes consists of amounts restricted by a donor for the future purchase of property and equipment.

RESTRICTED CASH

Restricted cash consists of amounts held as a compensating balance for the bank that extended the line of credit and the letters of credit.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments are carried at fair market value, with realized and unrealized gains and losses included as revenue without donor restrictions in the consolidated statements of activities. Certificates of deposit are recorded at cost. Donated investments are recorded at the fair market value on the date of donation and thereafter carried in accordance with the above provisions.

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of receivables from events, licensees, trade sales, and tenant improvements. Accounts receivable are net of an allowance for uncollectible accounts of \$3,000 and \$0, as of September 30, 2020 and 2019, respectively. The allowance for doubtful accounts is maintained at a level that, in management's judgment, is adequate to absorb possible losses. The amount is based upon an analysis of overall trade receivables by management that includes, but is not limited to, the historical experience of payment patterns from the customer, financial condition of the customer, other known facts and circumstances and general economic conditions. This process is based on estimates, and ultimately losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for doubtful accounts in the period in which they become known. Receivables are written off when all methods of collection have been exhausted.

INVENTORY

Inventory consists of books, literature, and audio-visual materials, which are recorded at the lower of cost or net realizable value, using the weighted-average cost method (this method approximates the first-in first-out methodology).

PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to give that are recognized as assets and support in the period made and are recorded at their estimated net present value. The recorded value includes an allowance for uncollectible amounts of \$56,000 and \$83,000, as of September 30, 2020 and 2019, respectively. This allowance is calculated based on the historical collectability of the related pledges.

PREPAID EXPENSES

Prepaid expenses mainly consist of prepaid service contracts and advance royalties as of September 30, 2020 and 2019.

PROPERTY HELD FOR INVESTMENT

As of September 30, 2020 and 2019, management has reclassified a total of \$1,528,562 from property and equipment to property held for investment. As of September 30, 2020 and 2019, FOF has recorded this property held for investment as a non-current asset to fund future investments in the Highlands at Briargate I, LLC. Property held for investment is held at the lower of cost or fair market value.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FILM PRODUCTION COSTS

Film production costs are amortized over the estimated period during which the related income is expected to be earned (three to five years). At September 30, 2020 and 2019, accumulated amortization was \$31,232,000 and \$30,940,000, respectively. Focus periodically reviews film production costs for impairment, retirement, or abandonment. Upon impairment, retirement, or abandonment, the cost of the assets disposed of and the related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected.

PROPERTY AND EQUIPMENT—NET

Property and equipment are recorded on the basis of cost, or estimated fair value if donated. Focus capitalizes most purchases in excess of \$20,000, with lesser amounts expensed in the year purchased. Software purchases are capitalized if the amount is in excess of \$100,000. Upon retirement or sale, the cost of the assets disposed of and the related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in operations for the period. Depreciation and amortization are provided using the straight-line method over the following estimated useful lives of the assets:

	<u>Estimated Useful Lives</u>
Land improvements	10 years
Buildings and building improvements	20-30 years
Furniture, equipment, and software	2-7 years
Website	3 years

OPERATING LINE OF CREDIT

In 2019, FOF renewed a line of credit with a bank for \$14,685,624, which was renewable annually by the Lender and matured on July 3, 2020. Advances under the agreements bore interest at the Lender's Prime Rate (the "Index"), which was 5.50% as of September 30, 2019. The line of credit was collateralized by real property. As of September 30, 2019, there was no outstanding balances on the line of credit and there were no borrowings during the fiscal year ended September 30, 2019. This line of credit was not renewed.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

LETTER OF CREDIT

During both of the years ended September 30, 2020 and 2019, FOF maintained a letter of credit with a bank in the amount of \$314,376 for the benefit of the Colorado Department of Labor and Employment. If FOF were to fail to pay unemployment obligations, the bank could draw upon this letter of credit to pay the obligation. As of September 30, 2020 and 2019, there were no outstanding balances on the letter of credit and there were no draws during the fiscal years ended September 30, 2020 and 2019. The letter of credit expires July 3, 2021.

DEFERRED INCOME

Deferred revenue is recorded for the unearned portion of subscriptions, event pre-registrations, tuition, advertising, and the advance royalties received on book and film resources. Revenue is recognized as earned; when the related products are fulfilled or events are held. As of September 30, 2020 and 2019, \$676,000 and \$836,000, respectively of deferred income was collected from various donors related to a conditional pledge. For 2020, if \$1,130,000 is collected before the end of the pledge period, other donors will match the \$1,130,000 and all funds will be recognized as revenue by Focus. If this threshold is not met, Focus must return all amounts collected to the various donors. For 2019, the match was met and all the revenue was recognized.

CLASSES OF NET ASSETS

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

Net assets without donor restrictions consist of amounts currently available for use in the ministries of Focus and resources invested in property and equipment. During the years ended September 30, 2020 and 2019, the reserve for annuities kept by Focus was approximately \$369,000 and \$424,000, respectively.

Net assets with donor restrictions consist of unexpended, donor-restricted contributions and pledges receivable for special projects, and contributions with time restrictions attached, and unexpended endowment funds subject to restriction of gift instruments requiring that the principal be invested in perpetuity. Some disclosures required by the Reporting Endowment Funds subtopic of the Financial Accounting Standards Board Accounting Standards Codification have not been included in these financial statements due to immateriality.

The management of Focus 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, Focus classifies as net assets restricted 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. Thus the net assets restricted in perpetuity reflect the historical cost value of the endowment.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS, continued

Focus has a policy consistent with the intent of the endowment agreement. The primary investment objective of endowment funds is to follow those policies that will preserve the principal value, provide predictable income and, to the extent possible with prudence, increase the principal to offset the long-term effects of inflation. Accordingly, over the long-term, Focus expects the current spending policy to allow its endowment to grow on an annual basis. Actual results in any given year may vary.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. 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 consolidated statements of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

Focus, through media and various publications, offers ministry-related materials to the public. These materials are available whether or not a contribution is made; however, a gift of any amount (GOAA) is requested. During the years ended September 30, 2020 and 2019, material costs of \$243,000 and \$648,000, were incurred, respectively, and are included in expenses in the consolidated statements of activities.

Sales consist primarily of film revenue and books and audio-visual material made to Focus constituents, distributors, and institutions.

Event revenue consists of Focus ministry events, marriage counseling, marriage enrichment retreats and conferences.

FUNCTIONAL ALLOCATION OF EXPENDITURES

The cost of providing the various programs has been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Salaries and benefits are allocated based upon time and effort, property depreciation is allocated based on square footage, equipment depreciation is allocated based on program usage, and remaining costs are allocated based on the purpose of the expense. The detailed schedule of the costs by program is included in the consolidated statement of functional expenses.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING, PROMOTION, AND CIRCULATION COSTS

Focus uses advertising, promotion, and circulation costs to distribute information regarding programs among the audiences served. These costs, expensed as incurred, are (in thousands):

	Year Ended September 30,	
	2020	2019
Advertising	\$ 25	\$ 59
Promotion	4,470	3,730
Circulation costs	106	222
	<u>\$ 4,601</u>	<u>\$ 4,011</u>

ADOPTION OF RECENTLY ISSUED PRONOUNCEMENTS

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Focus adopted this new standard during the year ended September 30, 2020. This new standard provides guidance on determining whether transactions should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. Adoption of this standard had no effect on change in net assets or net assets in total.

During the year ended September 30, 2020, Focus also adopted the provision of FASB's ASU No. 2016-18 *Restricted Cash*. This new standard provided guidance on certain cash flow classification issues and clarified the presentation requirements for restricted cash on the consolidated statements of cash flows. Adoption of this standard had no effect on change in net assets or net assets in total. As a result of the implementation of this standard, amounts in the consolidated statement of cash flows for the year ended September 30, 2019 were changed to reflect the provisions of the standard.

RECLASSIFICATION

For the year ended September 30, 2019, \$3,000,000 was reclassified out of cash and cash equivalents and reported as cash restricted for long-term purposes.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

3. PLEDGES RECEIVABLE:

Pledges receivable consist of (in thousands):

	September 30,	
	2020	2019
Due in less than one year	\$ 157	\$ 240
Less allowance for uncollectible amounts	(56)	(83)
	<u>\$ 101</u>	<u>\$ 157</u>

4. FAIR VALUE MEASUREMENTS:

Focus uses appropriate valuation techniques to determine fair value based on inputs available. When available, Focus 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 were not available. Fair values of assets measured on a recurring basis at September 30, 2020 and 2019, are (in thousands):

		Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
	September 30, 2020		
Investments:			
Mutual funds	\$ 4,335	\$ 4,335	\$ -
Fixed income securities	3,904	710	3,194
Exchange traded funds	1,035	1,035	-
Endowments:			
Mutual funds	192	192	-
Fixed income securities	118	118	-
Exchange traded funds	43	43	-
	<u>9,627</u>	<u>6,433</u>	<u>3,194</u>
Reconciling items:			
Certificates of deposit	3,449		
Cash and money market accounts	314		
	<u>3,763</u>		
Total investments and endowment assets	<u>\$ 13,390</u>		

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

4. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
	September 30, 2019		
Investments:			
Fixed income securities	\$ 4,753	\$ 1,009	\$ 3,744
Mutual funds	3,936	3,936	-
Exchange traded funds	874	874	-
Endowments:			
Mutual funds	187	187	-
Fixed income securities	119	119	-
Exchange traded funds	29	29	-
	<u>9,898</u>	<u>6,154</u>	<u>3,744</u>
Reconciling items:			
Certificates of deposit	3,695		
Cash and money market accounts	275		
	<u>3,970</u>		
Total investments and endowment assets	<u>\$ 13,868</u>		

Valuation techniques: Fair value for equities, fixed income securities, mutual funds, and exchange traded funds are based on quoted prices in active markets. Level 2 investments consist of observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

5. INVESTMENTS:

Investments at estimated fair value consist of (in thousands):

	September 30,	
	2020	2019
National gift annuities:		
Mutual funds	\$ 4,334	\$ 3,936
Fixed income securities	2,652	2,473
Exchange traded funds	805	616
Money market accounts	290	246
	<u>8,081</u>	<u>7,271</u>
California gift annuities:		
Fixed income securities	250	268
Exchange traded funds	231	258
Money market accounts	9	15
	<u>490</u>	<u>541</u>
Corporate bonds	3,449	2,012
Certificates of deposit	<u>1,002</u>	<u>3,695</u>
	<u>\$ 13,022</u>	<u>\$ 13,519</u>

Investment income including return from endowment assets, consists of (in thousands):

	Year Ended September 30,	
	2020	2019
Interest and dividends	\$ 197	\$ 293
Realized and unrealized gains	<u>8</u>	<u>1</u>
	<u>\$ 205</u>	<u>\$ 294</u>

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

6. OTHER ASSETS:

Other assets consist of (in thousands):

	September 30,	
	2020	2019
Investment in joint ventures	\$ 1,185	\$ 1,402
Deferred expenses	362	621
Other	222	178
Deferred rent asset	120	189
	<u>\$ 1,889</u>	<u>\$ 2,390</u>

During the year ended September 30, 2015, FOF entered into a joint venture agreement to become a member of Highlands at Briargate I, LLC. (HBI), for the purpose of developing and constructing a retail shopping center. In December 2017, FOF contributed 8.1 acres to HBI in exchange for an ownership percentage of 25%. This is recorded as an investment in joint ventures and included in other assets on the consolidated statements of financial position as of September 30, 2020 and 2019. During the years ended September 30, 2020 and 2019, several buildings continued to be constructed and tenants commenced operations.

HBI's legal year-end is December 31, however, for comparability the presentation in the consolidated financial statements reflects the balances and activities as of September 30, 2020 and 2019. Unaudited summary financial information (rounded) of HBI is as follows for the periods ended September 30, 2020 and 2019:

	September 30,	
	2020	2019
Total Assets	\$ 13,779,000	\$ 13,903,000
Total Liabilities	\$ 13,992,000	\$ 13,049,000
Net Loss	\$ (348,000)	\$ (37,500)

During the year ended September 30, 2017, FOF entered into a joint venture agreement to become a member of Highlands at Briargate II, LLC. (HBII), for the purpose of developing and constructing a senior living center. In December 2017, FOF contributed 4.5 acres to HBII in exchange for an ownership percentage of 75%. This is recorded as an investment in joint ventures and included in other assets on the consolidated statements of financial position as of September 30, 2020 and 2019. During the year ended September 30, 2019, construction began and was close to completion as of September 30, 2020.

HBII's legal year-end is December 31, however, for comparability the presentation in the consolidated financial statements reflects the balances and activities as of September 30, 2020 and 2019. Unaudited summary financial information (rounded) of HBII is as follows for the period ended September 30, 2020 and 2019:

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

6. OTHER ASSETS, continued:

	September 30,	
	2020	2019
Total Assets	\$ 1,962,000	\$ 2,033,000
Total Liabilities	\$ 311,000	\$ 337,000
Net income	\$ 102,700	\$ 32,500

FOF's investment in both joint ventures is being recorded on the equity method as it does not manage the ongoing operations of the ventures.

7. PROPERTY AND EQUIPMENT—NET:

Property and equipment-net consists of (in thousands):

	September 30,	
	2020	2019
Land	\$ 5,785	\$ 5,785
Land improvements	4,130	4,097
Buildings and building improvements	66,230	64,617
Furniture, equipment, and software	35,462	34,885
Website	6,406	6,406
	118,013	115,790
Accumulated depreciation and amortization	(87,898)	(84,351)
	30,115	31,439
Projects in progress	-	113
	\$ 30,115	\$ 31,552

8. ENDOWMENT ASSETS:

Endowment assets consist of (in thousands):

	September 30,	
	2020	2019
Mutual funds	\$ 193	\$ 187
Fixed income securities	118	119
Exchange traded funds	42	29
Money market funds	15	14
	\$ 368	\$ 349

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

9. LIQUIDITY AND FUNDS AVAILABLE:

The following table (in thousands) reflects Focus' financial assets as of September 30, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, due to state required annuity reserves, trust requirements, assets being held for others, or perpetual endowment accumulated earnings net of appropriations within one year.

	September 30,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 14,440	\$ 11,794
Cash restricted for long-term purposes	3,000	3,000
Accounts receivable-net	607	570
Pledges receivable-net	101	157
Investments	13,022	13,519
Investment in joint ventures	1,185	1,402
Endowment assets	368	349
Financial assets, at year-end	<u>32,723</u>	<u>30,791</u>
Less those unavailable for general expenditure within one year, due to:		
Cash restricted for long-term purposes	(3,000)	(3,000)
Contributions not available for general expenditure	(3,933)	(5,378)
State required annuity reserves	(4,047)	(4,130)
Investment in joint ventures	(1,185)	(1,402)
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	<u>(368)</u>	<u>(349)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 20,190</u>	<u>\$ 16,532</u>

Focus has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows through board meetings and detailed financial analysis. As of September 30, 2019, Focus also had a secured line of credit in the amount of \$14,685,624 that it could have drawn upon in the event of an unexpected cash need (see Note 2, above).

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

10. CHARITABLE GIFT ANNUITIES:

Upon receipt of charitable gift annuities, the actuarially computed present value of future payments is recognized as a liability, and the difference between the liability and the face value of the annuity is recognized as a contribution without donor restrictions. Subsequently, annuities payable are revalued annually using the federal mortality rates and discount factors applied at inception. Assets funding charitable gift annuities are included in investments.

Change in value of charitable gift annuities consists of (in thousands):

	Year Ended September 30,	
	2020	2019
Interest and dividend income	\$ 136	\$ 166
Net realized and unrealized gains	279	106
Actuarial change in charitable gift annuity liability	(239)	(346)
Charitable gift annuity maturities	124	12
	<u>\$ 300</u>	<u>\$ (62)</u>

11. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following (in thousands):

	September 30,	
	2020	2019
Marriage	\$ 8,412	\$ 9,650
Sanctity of Human Life	2,611	3,713
Parenting	1,840	684
Evangelism	343	21
Endowment	241	241
Pledges receivable	101	157
	<u>\$ 13,548</u>	<u>\$ 14,466</u>

12. RETIREMENT PLAN:

FOF sponsors a defined contribution retirement plan under section 403(b) of the Internal Revenue Code covering substantially all regular, full-time employees meeting certain eligibility requirements. FOF provides a matching discretionary contribution of 3% to 6% of participant compensation, depending on years of service. It is FOF's policy to fund the retirement plan costs. Total contributions for the years ended September 30, 2020 and 2019, were \$1,320,000 and \$1,269,000, respectively.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

13. ALLOCATION OF JOINT COSTS:

During the years ended September 30, 2020 and 2019, Focus incurred joint costs for informational materials and activities that included fundraising appeals. These programs include various newsletters, magazines, and constituent relations. Costs associated with the various programs have been allocated in the consolidated statements of activities according to their functional classification as follows (in thousands):

	Year Ended September 30,	
	2020	2019
Program services:		
Parenting	\$ 6,797	\$ 5,769
Marriage	1,212	955
Evangelism and discipleship	956	1,792
Citizenship	295	397
Advocacy	181	228
	<u>9,441</u>	<u>9,141</u>
Fundraising	<u>1,460</u>	<u>1,352</u>
	<u>\$ 10,901</u>	<u>\$ 10,493</u>

14. COMMITMENTS:

Focus has entered into various service agreements with unrelated third party vendors. Lease expenses for the years ended September 30, 2020 and 2019, were \$470,000 and \$908,000, respectively. Future minimum payments required under lease agreements and other contractual obligations as of the year ended September 30, 2020, are (in thousands):

<u>Year Ending September 30,</u>	
2021	\$ 235
2022	198
2023	161
2024	161
2025	<u>112</u>
	<u>\$ 867</u>

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

15. FUTURE LEASE INCOME:

Focus has entered into various lease agreements with unrelated third party tenants. Lease income for the years ended September 30, 2020 and 2019, was approximately \$943,000 and \$887,000, respectively. Future minimum lease income under these agreements in effect as of the year ended September 30, 2020, are (in thousands):

<u>Year Ending September 30,</u>	
2021	\$ 736
2022	185
2023	<u>29</u>
	<u>\$ 950</u>

16. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to volatility in financial markets.

During this time Focus has continued to reach out to its constituents and serve them in ways befitting this new environment. Management has restricted travel to protect both the Focus team and those they may come in contact with. Focus has been able to move some events and interactions online while still being able to produce and distribute the Focus on the Family Daily Broadcast. Focus has shared a variety of family-oriented content via a streaming platform called Focus@Home. The main office workforce is mostly working remotely and it has still been possible to continue on-site counseling and marriage programming at the marriage retreat centers, depending on local conditions and regulation.

Management is carefully monitoring the situation and evaluating its options as circumstances evolve. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of Focus for future periods.

17. SUBSEQUENT EVENTS:

Subsequent events were evaluated through January 25, 2021, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
Focus on the Family and Affiliates
Colorado Springs, Colorado

We have audited the consolidated financial statements of Focus on the Family and Affiliates as of and for the years ended September 30, 2020 and 2019, and our report thereon dated January 25, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Colorado Springs, Colorado
January 25, 2021

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2020

	Focus on the Family	Affiliates	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 14,137,301	\$ 302,353	\$ -	\$ 14,439,654
Cash restricted for long-term purposes	3,000,000	-	-	3,000,000
Accounts receivable–net	883,107	-	(275,740)	607,367
Inventory	1,096,316	54,839	-	1,151,155
Pledges receivable	101,367	-	-	101,367
Prepaid expenses	4,992,219	-	-	4,992,219
Investments	10,563,487	-	-	10,563,487
	<u>34,773,797</u>	<u>357,192</u>	<u>(275,740)</u>	<u>34,855,249</u>
Property held for investment	1,528,562	-	-	1,528,562
Film production costs–net	100,335	-	-	100,335
Other assets	1,889,302	-	-	1,889,302
Long-term investments	2,459,397	-	-	2,459,397
Investment in subsidiaries	77,125	-	(77,125)	-
Property and equipment–net	30,115,089	-	-	30,115,089
Endowment assets	367,820	-	-	367,820
	<u>71,311,427</u>	<u>357,192</u>	<u>(352,865)</u>	<u>71,315,754</u>
Total Assets	<u>\$ 71,311,427</u>	<u>\$ 357,192</u>	<u>\$ (352,865)</u>	<u>\$ 71,315,754</u>
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	\$ 3,448,394	\$ 277,102	\$ (275,740)	\$ 3,449,756
Accrued expenses	4,532,305	2,965	-	4,535,270
Deferred revenue	4,413,969	-	-	4,413,969
Current portion of charitable gift annuities liability	368,845	-	-	368,845
	<u>12,763,513</u>	<u>280,067</u>	<u>(275,740)</u>	<u>12,767,840</u>
Long-term liabilities	714,836	-	-	714,836
Charitable gift annuities liability– net of current portion	2,422,975	-	-	2,422,975
	<u>15,901,324</u>	<u>280,067</u>	<u>(275,740)</u>	<u>15,905,651</u>

(continued)

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2020
(continued)

	Focus on the Family	Affiliates	Eliminations	Total
LIABILITIES AND NET ASSETS, continued:				
Net assets:				
Without donor restrictions	42,007,583	(141,697)	(3,554)	41,862,332
With donor restrictions:				
Restricted by purpose and time	13,161,520	145,251	-	13,306,771
Restricted in perpetuity	241,000	-	-	241,000
	<u>55,410,103</u>	<u>3,554</u>	<u>(3,554)</u>	<u>55,410,103</u>
Stockholders' equity	-	(676,429)	676,429	-
Capital investment	-	750,000	(750,000)	-
	<u>-</u>	<u>73,571</u>	<u>(73,571)</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 71,311,427</u>	<u>\$ 357,192</u>	<u>\$ (352,865)</u>	<u>\$ 71,315,754</u>

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2019

	Focus on the Family	Affiliates	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 7,594,034	\$ 199,880	\$ -	\$ 7,793,914
Cash restricted for long-term purposes	3,000,000	-	-	3,000,000
Restricted cash	4,000,000	-	-	4,000,000
Accounts receivable–net	739,211	9,078	(178,343)	569,946
Inventory	1,150,406	56,183	-	1,206,589
Pledges receivable	157,223	-	-	157,223
Prepaid expenses	3,235,687	-	-	3,235,687
Investments	9,560,745	-	-	9,560,745
	<u>29,437,306</u>	<u>265,141</u>	<u>(178,343)</u>	<u>29,524,104</u>
Property held for investment– net of current portion	1,528,562	-	-	1,528,562
Film production costs–net	392,587	-	-	392,587
Other assets	2,390,226	-	-	2,390,226
Long-term investments	3,957,914	-	-	3,957,914
Investment in subsidiaries	82,109	-	(82,109)	-
Property and equipment–net	31,551,621	-	-	31,551,621
Endowment assets	348,972	-	-	348,972
	<u>69,689,297</u>	<u>265,141</u>	<u>(260,452)</u>	<u>69,693,986</u>
Total Assets	\$ 69,689,297	\$ 265,141	\$ (260,452)	\$ 69,693,986
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	\$ 5,478,830	\$ 180,266	\$ (178,343)	\$ 5,480,753
Accrued expenses	4,204,042	2,766	-	4,206,808
Deferred revenue	4,172,313	-	-	4,172,313
Current portion of charitable gift annuities liability	424,450	-	-	424,450
	<u>14,279,635</u>	<u>183,032</u>	<u>(178,343)</u>	<u>14,284,324</u>
Long-term liabilities	752,597	-	-	752,597
Charitable gift annuities liability– net of current portion	2,512,390	-	-	2,512,390
	<u>17,544,622</u>	<u>183,032</u>	<u>(178,343)</u>	<u>17,549,311</u>

(continued)

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2019
(continued)

	<u>Focus on the Family</u>	<u>Affiliates</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES AND NET ASSETS, continued:				
Net assets:				
Without donor restrictions	37,776,999	(87,940)	(9,912)	37,679,147
With donor restrictions:				
Restricted by purpose and time	14,126,676	97,852	-	14,224,528
Restricted in perpetuity	241,000	-	-	241,000
	<u>52,144,675</u>	<u>9,912</u>	<u>(9,912)</u>	<u>52,144,675</u>
Stockholders' equity, net	-	(677,803)	677,803	-
Capital investment	-	750,000	(750,000)	-
	<u>-</u>	<u>72,197</u>	<u>(72,197)</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 69,689,297</u>	<u>\$ 265,141</u>	<u>\$ (260,452)</u>	<u>\$ 69,693,986</u>

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Activities

Year Ended September 30, 2020

	Focus on the Family			Affiliates			Eliminations	Grand Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
SUPPORT AND REVENUE:								
Contributions	\$ 55,552,207	\$ 28,553,814	\$ 84,106,021	\$ 20,887	\$ 100,000	\$ 120,887	\$ -	\$ 84,226,908
Sales	8,496,973	-	8,496,973	6,713	-	6,713	-	8,503,686
Royalty and licensing revenue	1,733,270	-	1,733,270	4,024	-	4,024	-	1,737,294
Investment income	205,447	-	205,447	-	-	-	-	205,447
Event revenue	3,964,372	-	3,964,372	-	-	-	-	3,964,372
Change in value of annuities	300,261	-	300,261	-	-	-	-	300,261
Loss of subsidiaries	(4,984)	-	(4,984)	-	-	-	4,984	-
Loss from joint ventures	(165,217)	-	(165,217)	-	-	-	-	(165,217)
Other revenue	2,130,676	-	2,130,676	9,553	-	9,553	-	2,140,229
Total Support and Revenue	72,213,005	28,553,814	100,766,819	41,177	100,000	141,177	4,984	100,912,980
NET ASSETS RELEASED:								
Time restrictions	202,340	(202,340)	-	-	-	-	-	-
Purpose restrictions	29,316,630	(29,316,630)	-	52,601	(52,601)	-	-	-
Total Net Assets Released	29,518,970	(29,518,970)	-	52,601	(52,601)	-	-	-
EXPENSES:								
Program services:								
Marriage	24,544,999	-	24,544,999	-	-	-	-	24,544,999
Parenting	28,864,465	-	28,864,465	139,002	-	139,002	-	29,003,467
Evangelism and discipleship	15,593,348	-	15,593,348	575	-	575	-	15,593,923
Advocacy	11,221,153	-	11,221,153	199	-	199	-	11,221,352
Citizenship	3,596,323	-	3,596,323	-	-	-	-	3,596,323
	83,820,288	-	83,820,288	139,776	-	139,776	-	83,960,064
Supporting activities:								
General and administrative	7,293,459	-	7,293,459	6,385	-	6,385	-	7,299,844
Fundraising	6,387,644	-	6,387,644	-	-	-	-	6,387,644
Total Expenses	97,501,391	-	97,501,391	146,161	-	146,161	-	97,647,552
Change in Net Assets	4,230,584	(965,156)	3,265,428	(52,383)	47,399	(4,984)	4,984	3,265,428
Net Assets, Beginning of Year	37,776,999	14,367,676	52,144,675	(15,743)	97,852	82,109	(82,109)	52,144,675
Net Assets, End of Year	\$ 42,007,583	\$ 13,402,520	\$ 55,410,103	\$ (68,126)	\$ 145,251	\$ 77,125	\$ (77,125)	\$ 55,410,103

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Activities

Year Ended September 30, 2019

	Focus on the Family			Affiliates			Eliminations	Grand Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
SUPPORT AND REVENUE:								
Contributions	\$ 54,539,174	\$ 28,094,746	\$ 82,633,920	\$ 15,342	\$ 172,000	\$ 187,342	\$ -	\$ 82,821,262
Sales	8,502,350	-	8,502,350	40,616	-	40,616	-	8,542,966
Royalty and licensing revenue	1,948,144	-	1,948,144	10,822	-	10,822	-	1,958,966
Investment income	293,702	-	293,702	-	-	-	-	293,702
Event revenue	4,488,932	-	4,488,932	-	-	-	-	4,488,932
Change in value of annuities	(61,651)	-	(61,651)	-	-	-	-	(61,651)
Earnings of subsidiaries	18,359	-	18,359	-	-	-	(18,359)	-
Loss from joint ventures	(513,983)	-	(513,983)	-	-	-	-	(513,983)
Other revenue	1,675,619	-	1,675,619	-	-	-	-	1,675,619
Total Support and Revenue	70,890,646	28,094,746	98,985,392	66,780	172,000	238,780	(18,359)	99,205,813
NET ASSETS RELEASED:								
Time restrictions	269,513	(269,513)	-	-	-	-	-	-
Purpose restrictions	25,957,794	(25,957,794)	-	74,148	(74,148)	-	-	-
Total Net Assets Released	26,227,307	(26,227,307)	-	74,148	(74,148)	-	-	-
EXPENSES:								
Program services:								
Marriage	21,184,465	-	21,184,465	-	-	-	-	21,184,465
Parenting	27,280,020	-	27,280,020	209,203	-	209,203	-	27,489,223
Evangelism and discipleship	19,375,157	-	19,375,157	712	-	712	-	19,375,869
Advocacy	12,298,967	-	12,298,967	4,084	-	4,084	-	12,303,051
Citizenship	3,885,947	-	3,885,947	-	-	-	-	3,885,947
	84,024,556	-	84,024,556	213,999	-	213,999	-	84,238,555
Supporting activities:								
General and administrative	7,439,137	-	7,439,137	6,422	-	6,422	-	7,445,559
Fund-raising	6,858,221	-	6,858,221	-	-	-	-	6,858,221
Total Expenses	98,321,914	-	98,321,914	220,421	-	220,421	-	98,542,335
Change in Net Assets	(1,203,961)	1,867,439	663,478	(79,493)	97,852	18,359	(18,359)	663,478
Net Assets, Beginning of Year	38,980,960	12,500,237	51,481,197	63,750	-	63,750	(63,750)	51,481,197
Net Assets, End of Year	\$ 37,776,999	\$ 14,367,676	\$ 52,144,675	\$ (15,743)	\$ 97,852	\$ 82,109	\$ (82,109)	\$ 52,144,675