



FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Financial Statements
With Independent Auditor's Report

September 30, 2025 and 2024

FOCUS ON THE FAMILY AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2025 and 2024, 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.

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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Focus on the Family and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Focus on the Family and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Focus on the Family and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Focus on the Family and Affiliates' ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements, continued

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLC

Colorado Springs, Colorado
February 9, 2026

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Financial Position (in thousands)

	September 30,	
	2025	2024
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 7,802	\$ 20,928
Accounts receivable–net	1,442	1,583
Inventory	1,461	1,515
Pledges receivable–net	68	1,584
Prepaid expenses	5,492	6,458
Investments	7,833	13,176
	24,098	45,244
Film production costs–net	15,209	4,824
Long-term investments	288	1,324
Other assets	5,076	5,366
Property and equipment–net	57,723	50,766
Endowment assets	639	590
	639	590
Total Assets	\$ 103,033	\$ 108,114
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 6,408	\$ 7,675
Accrued expenses and other liabilities	5,088	4,049
Performance obligation liabilities	5,954	7,127
Current portion of charitable gift annuities liability	337	315
	17,787	19,166
Long-term liabilities	540	726
Charitable gift annuities liability–net of current portion	3,493	3,159
Total Liabilities	21,820	23,051
Net assets:		
Without donor restrictions	77,870	76,526
With donor restrictions:		
Restricted by purpose and time	2,952	8,166
Restricted in perpetuity	391	371
Total Net Assets	81,213	85,063
Total Liabilities and Net Assets	\$ 103,033	\$ 108,114

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Activities (in thousands)

	Year Ended September 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 78,162	\$ 35,556	\$ 113,718	\$ 77,503	\$ 37,484	\$ 114,987
Sales	12,035	-	12,035	11,813	-	11,813
Royalty and licensing revenue	1,329	-	1,329	1,915	-	1,915
Investment income	923	-	923	1,933	-	1,933
Event revenue	7,620	-	7,620	8,899	-	8,899
Change in value of annuities	739	-	739	1,848	-	1,848
Loss from joint ventures	(422)	-	(422)	(1,490)	-	(1,490)
Other revenue	2,333	-	2,333	2,843	-	2,843
Total Support and Revenue	102,719	35,556	138,275	105,264	37,484	142,748
NET ASSETS RELEASED:						
Time restrictions	106	(106)	-	117	(117)	-
Purpose restrictions	40,644	(40,644)	-	41,629	(41,629)	-
Total Net Assets Released	40,750	(40,750)	-	41,746	(41,746)	-
EXPENSES:						
Program services:						
Marriage	35,532	-	35,532	29,776	-	29,776
Parenting	38,406	-	38,406	39,421	-	39,421
Evangelism and discipleship	27,694	-	27,694	32,098	-	32,098
Advocacy	11,926	-	11,926	17,400	-	17,400
Citizenship	3,467	-	3,467	2,908	-	2,908
	117,025	-	117,025	121,603	-	121,603
Supporting activities:						
General and administrative	11,254	-	11,254	8,913	-	8,913
Fundraising	13,846	-	13,846	13,283	-	13,283
Total Expenses	142,125	-	142,125	143,799	-	143,799
Change in Net Assets	1,344	(5,194)	(3,850)	3,211	(4,262)	(1,051)
Net Assets, Beginning of Year	76,526	8,537	85,063	73,315	12,799	86,114
Net Assets, End of Year	\$ 77,870	\$ 3,343	\$ 81,213	\$ 76,526	\$ 8,537	\$ 85,063

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Functional Expenses (in thousands)

Year Ended September 30, 2025

	Program Services						Supporting Activities			Total Expenses
	Marriage	Parenting	Evangelism / Discipleship	Advocacy	Citizenship	Total	General and Administrative	Fundraising	Total	
Salaries and benefits	\$ 18,419	\$ 18,817	\$ 14,300	\$ 3,636	\$ 2,475	\$ 57,647	\$ 6,819	\$ 7,096	\$ 13,915	\$ 71,562
Broadcast and publications	8,652	12,785	7,479	4,169	422	33,507	356	3,672	4,028	37,535
Office and technology	2,897	3,213	2,912	463	329	9,814	3,737	645	4,382	14,196
Events and travel	1,720	1,390	963	269	138	4,480	247	2,292	2,539	7,019
Grants and benevolence	2,177	339	487	3,147	11	6,161	-	-	-	6,161
Depreciation and amortization	1,667	1,862	1,553	242	92	5,416	95	141	236	5,652
Total Expenses	\$ 35,532	\$ 38,406	\$ 27,694	\$ 11,926	\$ 3,467	\$ 117,025	\$ 11,254	\$ 13,846	\$ 25,100	\$ 142,125

Year Ended September 30, 2024

	Program Services						Supporting Activities			Total Expenses
	Marriage	Parenting	Evangelism / Discipleship	Advocacy	Citizenship	Total	General and Administrative	Fundraising	Total	
Salaries and benefits	\$ 14,606	\$ 18,195	\$ 16,317	\$ 3,919	\$ 2,074	\$ 55,111	\$ 5,372	\$ 6,387	\$ 11,759	\$ 66,870
Broadcast and publications	7,784	13,751	8,986	7,819	343	38,683	413	3,982	4,395	43,078
Office and technology	2,367	3,440	3,735	517	302	10,361	2,544	661	3,205	13,566
Events and travel	2,583	1,838	884	781	119	6,205	338	2,082	2,420	8,625
Grants and benevolence	1,647	904	700	4,202	16	7,469	-	-	-	7,469
Depreciation and amortization	789	1,293	1,476	162	54	3,774	246	171	417	4,191
Total Expenses	\$ 29,776	\$ 39,421	\$ 32,098	\$ 17,400	\$ 2,908	\$ 121,603	\$ 8,913	\$ 13,283	\$ 22,196	\$ 143,799

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Cash Flows (in thousands)

	Year Ended September 30,	
	2025	2024
OPERATING ACTIVITIES:		
Change in net assets	\$ (3,850)	\$ (1,051)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of property and equipment	4,336	4,184
Amortization of film production costs	1,316	7
Realized (gain) loss on sale and disposal of assets	(79)	47
Net realized and unrealized gain on investments and endowment assets	(68)	(97)
Change in value of annuities	(739)	(1,848)
Changes in operating assets:		
Accounts receivable	141	(723)
Inventory	54	46
Prepaid expenses	966	(513)
Pledges receivable	1,516	4
Other assets	290	1,815
Changes in operating liabilities:		
Accounts payable and long-term liabilities	(1,453)	2,937
Accrued expenses	1,039	297
Performance obligation liabilities	(1,173)	1,322
Net Cash Provided by Operating Activities	2,296	6,427
INVESTING ACTIVITIES:		
Purchases of property and equipment	(11,332)	(11,346)
Proceeds from sales of property and equipment	119	210
Purchases of investments	(7,790)	(1,239)
Proceeds from sales of investments	15,482	493
Payments for film production	(11,701)	(3,225)
Purchase of gift annuity investments	(672)	(578)
Proceeds from sales of gift annuity investments	332	287
Net Cash Used by Investing Activities	(15,562)	(15,398)

(continued)

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Cash Flows (in thousands) (continued)

	Year Ended September 30,	
	<u>2025</u>	<u>2024</u>
FINANCING ACTIVITIES:		
Payments on gift annuities	(332)	(287)
Proceeds from issuance of new charitable gift annuities	452	385
Contributions received for the endowment	<u>20</u>	<u>20</u>
Net Cash Provided by Financing Activities	<u>140</u>	<u>118</u>
Net Change in Cash, Cash Equivalents	(13,126)	(8,853)
Cash, Cash Equivalents, Beginning of Year	<u>20,928</u>	<u>29,781</u>
Cash, Cash Equivalents, End of Year	<u>\$ 7,802</u>	<u>\$ 20,928</u>

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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)(1) 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, 2025 and 2024. PCE was dissolved into FOF in December 2024.

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.

AIO Productions, LLC (AIO) is a media production company that is producing a feature-length animated film and 13 episodes for video streaming based on the characters in the Adventures in Odyssey radio drama. AIO was formed on June 24, 2024 under the laws of Colorado. AIO'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, 2025 and 2024.

PCE, RK, and AIO are legally recognized entities that FOF operates. PCE, RK, and AIO have or had 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, 2025 and 2024

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. Significant estimates include depreciation of property and equipment, amortization of film production costs, actuarial present value calculation of annuities, valuations of investments, and allocation of expenses on a functional basis. 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 AIO which will be collectively referred to as Focus. All material transactions and balances between the entities have been eliminated in the consolidation.

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, 2025 and 2024, Focus has cash and cash equivalents on deposit with financial institutions, that exceed the federally insured (FDIC) balance. Amounts exceeding the FDIC limits are covered by other insurance provided through a network of financial institutions.

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. Donated investments are recorded at the fair market value on the date of donation and thereafter carried in accordance with the above provisions. The investment in the captive insurance arrangement is accounted for using the equity method.

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of receivables from events, licensees, trade sales, and tenant improvements. Accounts receivable are net of an allowance for credit losses of \$17,398 and \$1,643 as of September 30, 2025 and 2024, respectively. The allowance for credit losses is maintained at a level that, in management's judgment, is adequate to absorb possible losses. Focus separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the consolidated statements of financial position date, Focus develops a loss rate for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for credit losses in the period in which they become known. Receivables are written off when all methods of collection have been exhausted. The balance in accounts receivable as of September 30, 2025, 2024, and 2023 was \$1,441,554, \$1,582,674, and \$859,613, respectively.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVENTORY

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

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 \$29,000 and \$39,000, as of September 30, 2025 and 2024, 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, 2025 and 2024.

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). As of September 30, 2025 and 2024, accumulated amortization was approximately \$32,723,000 and \$31,407,000, 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 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

Repairs and maintenance costs are expensed as incurred and land is not depreciated.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

LINE OF CREDIT

During the year ended September 30, 2024, Focus established a revolving line of credit with a bank for \$5,000,000, which is renewable annually by the Lender and matured on March 20, 2025. During the year ended September 30, 2025, Focus renewed the revolving line of credit with a bank which matures on May 20, 2026. Advances under the agreements bear interest at the Lender's Prime Rate (the "Index"), which was 7.25% as of September 30, 2025. The line of credit is unsecured. During the fiscal years ended September 30, 2025 and 2024, there were no draws on the line of credit.

SURETY BONDS

Focus entered into a site improvement bond with the Town of Cave Creek, AZ, secured by the assets of Focus, in August 2024, for an amount of \$59,431. The bond was renewed in August 2025 and is effective until written acceptance of the improvements by the Town of Cave Creek, AZ. The project was completed and a certificate of occupancy was issued on September 18, 2025. There were no draws on the bond during the fiscal years ended September 30, 2025 and 2024.

Focus entered into a surety bond with the Colorado Department of Labor and Employment, secured by the assets of Focus, in July 2023 for an amount of \$203,824. The bond was effective until July 2025. In July 2025, Focus renewed the bond for an amount of \$234,703. The new bond is effective until July 2027. There were no draws on the bond during the fiscal years ended September 30, 2025 and 2024.

Focus entered into a surety bond with the Michigan Department of Labor and Economic Opportunity, secured by the assets of Focus, in February 2020 for an amount of \$22,272. The bond was renewed in January 2024 for an amount of \$46,893 and is now effective until December 2026. There were no draws on the bond during the fiscal year ended September 30, 2025 and 2024.

PERFORMANCE OBLIGATION LIABILITIES

Performance obligation liabilities are 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. Performance obligations from these sources were \$5,240,000, \$4,877,000, and \$4,503,000 as of September 30, 2025, 2024, and 2023, respectively. As of September 30, 2025 and 2024, \$152,000 and \$2,250,000, respectively of revenue was collected from various donors related to a conditional pledge. For 2026, if \$152,000 is collected before the end of the pledge period, other donors will match 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 2025, the match was met and all the revenue was recognized.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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. As of September 30, 2025 and 2024, the reserve for annuities kept by Focus was approximately \$337,000 and \$315,000, 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 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. Due to immateriality, the remainder of the endowment disclosures are not included.

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 ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued:

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, 2025 and 2024, material costs of approximately \$645,000 and \$720,000, 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. Revenue for products sold at a point in time is recognized when the performance obligation is satisfied, which is when the product is provided to the customer. Should amounts not be collected when the performance obligation is satisfied, accounts receivable is recorded for the outstanding amount. Performance obligations that are satisfied over a period of time, such as online streaming services and magazine subscriptions, are recognized proportionally over the length of the agreement.

Event revenue consists of Focus ministry events, marriage counseling, marriage enrichment retreats and conferences. Payments received for events are due prior to the event commencing and are recorded as performance obligations when received. Focus recognizes event revenue within the fiscal year in which the services are provided, which is when the event occurs. Should amounts not be collected when the performance obligation is satisfied, accounts receivable is recorded for the outstanding amount.

Royalty and licensing revenue, investment income, changes in value of annuities, losses from joint ventures, and other income are recorded when earned or incurred.

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 statements of functional expenses.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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,	
	2025	2024
Advertising	\$ 452	\$ 322
Promotion	6,072	7,539
Circulation costs	137	157
	<u>\$ 6,661</u>	<u>\$ 8,018</u>

3. PLEDGES RECEIVABLE:

Pledges receivable consist of (in thousands):

	September 30,	
	2025	2024
Due in less than one year	\$ 97	\$ 1,623
Less allowance for uncollectible amounts	(29)	(39)
	<u>\$ 68</u>	<u>\$ 1,584</u>

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

4. FAIR VALUE MEASUREMENTS:

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 - Significant other observable inputs other than Level 1 prices, such as: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs, other than quoted prices, that are observable or can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2025 and 2024.

Mutual funds and exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income securities and certificates of deposit: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Captive insurance companies: Valued based on the equity method as reported by the captive insurance companies' managers (see Note 6). Accordingly, the equity method based investments have been excluded from the fair value hierarchy leveling.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although FOF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Cash and cash equivalents are held in the investment portfolio per the investment policy and are held for reinvestment.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

4. FAIR VALUE MEASUREMENTS, continued:

Fair values of assets measured on a recurring basis as of September 30, 2025 are:

		Fair Value Measurements Using:		
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments and long-term investments:				
Mutual funds	\$ 3,644	\$ 3,644	\$ -	\$ -
Fixed income securities	1,476	-	1,476	-
Certificates of deposit	1,000	-	1,000	-
Exchange traded funds	1,486	1,486	-	-
Endowments:				
Mutual funds	488	488	-	-
Exchange traded funds	136	136	-	-
	8,230	\$ 5,754	\$ 2,476	\$ -
Reconciling items:				
Captive insurance arrangements	288			
Cash and money market accounts	243			
	531			
Total investments, long-term investments, and endowment assets	\$ 8,761			

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

4. FAIR VALUE MEASUREMENTS, continued:

Fair values of assets measured on a recurring basis at September 30, 2024 are:

		Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
	Total			
Investments and long-term investments:				
Mutual funds	\$ 7,639	\$ 7,639	\$ -	\$ -
Fixed income securities	3,103	-	3,103	-
Certificates of deposit	1,000	-	1,000	-
Exchange traded funds	1,954	1,954	-	-
Endowments:				
Mutual funds	482	482	-	-
Exchange traded funds	87	87	-	-
	14,265	\$ 10,162	\$ 4,103	\$ -
Reconciling items:				
Captive insurance arrangements	324			
Cash and money market accounts	501			
	825			
Total investments, long-term investments, and endowment assets	\$ 15,090			

VALUATION TECHNIQUES

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended September 30, 2025 and 2024, there were no significant transfers in or out of Levels 1, 2 or 3.

Change in valuation techniques: None.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

5. INVESTMENTS AND LONG-TERM INVESTMENTS:

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

	September 30,	
	2025	2024
National gift annuities:		
Mutual funds	\$ 3,373	\$ 7,474
Fixed income securities	1,476	3,103
Exchange traded funds	1,249	1,795
Money market accounts	209	466
	6,307	12,838
California gift annuities:		
Mutual funds	271	165
Exchange traded funds	237	159
Money market accounts	19	14
	527	338
Certificates of deposit	1,000	1,000
Captive insurance arrangements	288	324
	\$ 8,122	\$ 14,500

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

	Year Ended September 30,	
	2025	2024
Interest and dividends	\$ 855	\$ 1,836
Realized and unrealized gains	68	97
	\$ 923	\$ 1,933

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

6. INVESTMENTS IN CAPTIVE INSURANCE COMPANIES:

Focus and ten other not-for-profit organizations are members of two offshore captive insurance holding companies, Lucent Insurance, Ltd. (Lucent) and Lucent Reinsurance, Ltd. (LucentRe). Focus accounts for its investment in these captives based on the equity method of accounting.

Lucent insures claims related to workers' compensation, auto and liability lines. Lucent reinsures the first \$250,000 of any claim. LucentRe insures the following \$100,000 of any claims related to workers' compensation, auto and liability lines.

Included within investments is \$288,000 and \$324,000, which represents Focus' investment in the captives as of September 30, 2025 and 2024, respectively. The investment balance has been adjusted for Lucent earnings as of August 31, 2025 and 2024, which is the most recently provided interim financial statements. Focus is not aware of any material changes to these balances as of September 30, 2025 and 2024. Focus paid approximately \$457,000 and \$502,000 in premiums to the captive during the years ended September 30, 2025 and 2024, respectively.

Summarized financial information of Lucent as of August 31, 2025* and 2024 is as follows:

	2025	2024
Total assets	\$ 24,946,000	\$ 25,468,000
Total liabilities	\$ 9,144,000	\$ 9,558,000
Comprehensive loss (net of dividends)	\$ 1,037,000	\$ 2,854,000

*Amounts represent unaudited balances and activities through the years ended August 31, 2025.

7. OTHER ASSETS:

Other assets consist of (in thousands):

	September 30,	
	2025	2024
Investment in joint ventures	\$ 4,550	\$ 5,071
Deferred expenses	463	209
Deferred rent asset	39	67
Other	24	19
	\$ 5,076	\$ 5,366

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

7. OTHER ASSETS, continued:

During the year ended September 30, 2015, Focus entered into a joint venture agreement to become a member of Highlands at Briargate I (HBI), for the purpose of developing and constructing a retail shopping center. In December 2017, Focus contributed 8.1 acres to HBI in exchange for an ownership percentage of 25%. This is recorded on the equity method as an investment in joint ventures and included in other assets on the consolidated statements of financial position as of September 30, 2025 and 2024. During the years ended September 30, 2025 and 2024, 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, 2025 and 2024. Unaudited summary financial information (rounded) of HBI is as follows for the periods ended September 30, 2025 and 2024:

	September 30,	
	2025	2024
Total Assets	\$ 16,189,000	\$ 16,564,000
Total Liabilities	\$ 11,878,000	\$ 12,096,000
Net Loss	\$ (74,000)	\$ (214,000)

During the year ended September 30, 2017, Focus 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, Focus contributed 5.1 acres to HBII in exchange for an ownership percentage of 75%. This is recorded on the equity method due to Focus being a limited partner and is included as an investment in joint ventures in other assets on the consolidated statements of financial position as of September 30, 2025 and 2024.

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, 2025 and 2024. Unaudited summary financial information (rounded) of HBII is as follows for the period ended September 30, 2025 and 2024:

	September 30,	
	2025	2024
Total Assets	\$ 2,110,000	\$ 2,121,200
Total Liabilities	\$ 16,000	\$ 15,000
Net income	\$ 125,000	\$ 138,000

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

7. OTHER ASSETS, continued:

During the year ended September 30, 2024, Focus entered into a joint venture agreement to become a member of HBIII, for the purpose of developing and constructing additional commercial and retail space. In February 2024, Focus contributed 15.1 acres to HBIII in exchange for an ownership percentage of 25%. This is recorded on the equity method as an investment in joint ventures and included in other assets on the consolidated statements of financial position as of September 30, 2025 and 2024. During the years ended September 30, 2025 and 2024, several buildings continued to be constructed and tenants commenced operations.

HBIII'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, 2025. Unaudited summary financial information (rounded) of HBIII is as follows for the period ended September 30, 2025 and 2024:

	September 30,	
	2025	2024
Total Assets	\$ 22,835,000	\$ 21,411,000
Total Liabilities	\$ 24,844,000	\$ 21,291,000
Net (loss) income	\$ (526,000)	\$ (241,000)

During the year ended September 30, 2022, Focus entered into a joint venture agreement to become a member of Highlands at Briargate South, LLC (HBS), for the purpose of developing and constructing a luxury apartment complex. During the year ended September 30, 2022, Focus contributed 13.4 acres to HBS in exchange for an ownership percentage of 50%. This is recorded on the equity method as an investment in joint ventures and included in other assets on the consolidated statements of financial position as of September 30, 2025 and 2024. During the years ended September 30, 2025 and 2024, several buildings continued to be constructed and tenants commenced operations.

HBS' 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, 2025 and 2024. Unaudited summary financial information (rounded) of HBIII is as follows for the period ended September 30, 2025 and 2024:

	September 30,	
	2025	2024
Total Assets	\$ 5,143,000	\$ 4,891,000
Total Liabilities	\$ 336,000	\$ 202,000
Net income	\$ 104,000	\$ -

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

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

8. PROPERTY AND EQUIPMENT–NET:

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

	September 30,	
	2025	2024
Land	\$ 13,182	\$ 13,182
Land improvements	9,928	5,220
Buildings and building improvements	85,754	71,069
Furniture, equipment, and software	25,976	26,225
Website	523	522
	<u>135,363</u>	<u>116,218</u>
Accumulated depreciation and amortization	<u>(78,112)</u>	<u>(75,055)</u>
	57,251	41,163
Projects in progress	<u>472</u>	<u>9,603</u>
	<u>\$ 57,723</u>	<u>\$ 50,766</u>

9. ENDOWMENT ASSETS:

Endowment assets consist of (in thousands):

	September 30,	
	2025	2024
Mutual funds	\$ 488	\$ 482
Exchange traded funds	136	87
Money market funds	<u>15</u>	<u>21</u>
	<u>\$ 639</u>	<u>\$ 590</u>

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

10. LIQUIDITY AND FUNDS AVAILABLE:

The following table (in thousands) reflects Focus' financial assets as of September 30, 2025 and 2024, 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,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 7,802	\$ 20,928
Accounts receivable–net	1,442	1,583
Pledges receivable–net	68	1,584
Investments	8,121	14,500
Investment in joint ventures	4,550	5,071
Endowment assets	639	590
Financial assets, at year-end	22,622	44,256
Less those unavailable for general expenditure within one year, due to:		
State required annuity reserves	(4,360)	(4,075)
Investment in joint ventures	(4,550)	(5,071)
Investments held in captive insurance arrangements	(288)	(324)
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	(639)	(590)
Financial assets available to meet cash needs for general expenditures within one year	\$ 12,785	\$ 34,196

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.

Focus has approximately \$2.7 million and \$7.9 million of donor-restricted net assets that are available for general expenditures within one year of September 30, 2025 and 2024, respectively, as the restrictions are expected to be met by conducting the normal activities of Focus in the coming year.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

11. 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,	
	2025	2024
Interest and dividend income	\$ 478	\$ 425
Net realized and unrealized gains	481	1,631
Actuarial change in charitable gift annuity liability	(255)	(254)
Charitable gift annuity maturities	35	46
	<u>\$ 739</u>	<u>\$ 1,848</u>

12. NET ASSETS WITH DONOR RESTRICTIONS:

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

	September 30,	
	2025	2024
Advocacy	\$ 2,495	\$ 3,581
Endowments restricted in perpetuity	391	371
Endowment (time restricted)	248	219
Parenting	127	177
Pledges receivable (time restricted)	68	84
Evangelism	13	43
Marriage	1	4,062
	<u>\$ 3,343</u>	<u>\$ 8,537</u>

13. RETIREMENT PLAN:

Focus 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. Focus provides a matching discretionary contribution of 3% to 6% of participant compensation, depending on years of service. It is Focus's policy to fund the retirement plan costs. Total contributions for the years ended September 30, 2025 and 2024, were approximately \$1,765,000 and \$1,700,000, respectively.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

14. ALLOCATION OF JOINT COSTS:

During the years ended September 30, 2025 and 2024, 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,	
	2025	2024
Program services:		
Parenting	\$ 8,489	\$ 8,483
Marriage	1,597	1,339
Evangelism and discipleship	1,194	1,765
Advocacy	636	520
Citizenship	275	287
	<u>12,191</u>	<u>12,394</u>
Fundraising	<u>2,150</u>	<u>2,158</u>
	<u>\$ 14,341</u>	<u>\$ 14,552</u>

15. FUTURE LEASE INCOME:

Focus has entered into various lease agreements with unrelated third party tenants. Lease income for the years ended September 30, 2025 and 2024, was approximately \$1,070,000 and \$1,001,000, respectively. Future minimum lease income under these agreements in effect as of the year ended September 30, 2025, are (in thousands):

<u>Year Ending September 30,</u>	
2026	\$ 853
2027	871
2028	885
2029	834
2030	<u>571</u>
	<u>\$ 4,014</u>

16. SUBSEQUENT EVENTS:

Management evaluated all events or transactions that occurred after September 30, 2025 through February 9, 2026, the date FOF's financial statements were available to be issued. No subsequent events occurring after this day have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITOR'S 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, 2025 and 2024, and our report thereon dated February 9, 2026, 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 LLC

Colorado Springs, Colorado
February 9, 2026

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2025

	Focus on the Family	Affiliates	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 7,662,076	\$ 140,175	\$ -	\$ 7,802,251
Accounts receivable–net	9,479,732	1,793	(8,039,971)	1,441,554
Inventory	1,402,156	58,717	-	1,460,873
Pledges receivable	67,805	-	-	67,805
Prepaid expenses	5,492,291	-	-	5,492,291
Investments	7,833,556	-	-	7,833,556
	<u>31,937,616</u>	<u>200,685</u>	<u>(8,039,971)</u>	<u>24,098,330</u>
Film production costs–net	3,651,489	11,557,324	-	15,208,813
Long-term investments	287,927	-	-	287,927
Other assets	5,075,545	-	-	5,075,545
Investment in subsidiaries	3,710,927	-	(3,710,927)	-
Property and equipment–net	57,722,720	-	-	57,722,720
Endowment assets	639,278	-	-	639,278
	<u>103,025,502</u>	<u>11,758,009</u>	<u>(11,750,898)</u>	<u>103,032,613</u>
Total Assets	\$ 103,025,502	\$ 11,758,009	\$ (11,750,898)	\$ 103,032,613
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	\$ 6,400,909	\$ 8,047,059	\$ (8,039,971)	\$ 6,407,997
Accrued expenses	5,087,653	23	-	5,087,676
Deferred revenue	5,954,412	-	-	5,954,412
Current portion of charitable gift annuities liability	337,390	-	-	337,390
	<u>17,780,364</u>	<u>8,047,082</u>	<u>(8,039,971)</u>	<u>17,787,475</u>
Long-term liabilities	539,134	-	-	539,134
Charitable gift annuities liability– net of current portion	3,493,423	-	-	3,493,423
Total Liabilities	21,812,921	8,047,082	(8,039,971)	21,820,032

(continued)

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2025

(continued)

	Focus on the Family	Affiliates	Eliminations	Total
LIABILITIES AND NET ASSETS, continued:				
Net assets:				
Without donor restrictions	77,871,084	3,709,259	(3,710,927)	77,869,416
With donor restrictions:				
Restricted by purpose and time	2,950,497	1,668	-	2,952,165
Restricted in perpetuity	391,000	-	-	391,000
Total Net Assets	81,212,581	3,710,927	(3,710,927)	81,212,581
Total Liabilities and Net Assets	\$ 103,025,502	\$ 11,758,009	\$ (11,750,898)	\$ 103,032,613

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2024

	Focus on the Family	Affiliates	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 20,729,896	\$ 198,359	\$ -	\$ 20,928,255
Accounts receivable–net	3,242,546	120,935	(1,780,807)	1,582,674
Inventory	1,445,000	69,584	-	1,514,584
Pledges receivable	1,584,335	-	-	1,584,335
Prepaid expenses	6,457,838	-	-	6,457,838
Investments	13,176,299	-	-	13,176,299
	<u>46,635,914</u>	<u>388,878</u>	<u>(1,780,807)</u>	<u>45,243,985</u>
Film production costs–net	3,434,322	1,389,461	-	4,823,783
Long-term investments	1,323,850	-	-	1,323,850
Other assets	5,365,917	-	-	5,365,917
Investment in subsidiaries	(15,775)	-	15,775	-
Property and equipment–net	50,766,742	-	-	50,766,742
Endowment assets	589,859	-	-	589,859
	<u>46,635,914</u>	<u>388,878</u>	<u>(1,780,807)</u>	<u>45,243,985</u>
Total Assets	<u><u>\$ 108,100,829</u></u>	<u><u>\$ 1,778,339</u></u>	<u><u>\$ (1,765,032)</u></u>	<u><u>\$ 108,114,136</u></u>
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	\$ 7,661,938	\$ 1,794,112	\$ (1,780,807)	\$ 7,675,243
Accrued expenses	4,048,621	2	-	4,048,623
Deferred revenue	7,126,557	-	-	7,126,557
Current portion of charitable gift annuities liability	315,470	-	-	315,470
	<u>19,152,586</u>	<u>1,794,114</u>	<u>(1,780,807)</u>	<u>19,165,893</u>
Long-term liabilities	726,613	-	-	726,613
Charitable gift annuities liability– net of current portion	3,158,759	-	-	3,158,759
Total Liabilities	<u><u>23,037,958</u></u>	<u><u>1,794,114</u></u>	<u><u>(1,780,807)</u></u>	<u><u>23,051,265</u></u>

(continued)

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2024

(continued)

	Focus on the Family	Affiliates	Eliminations	Total
LIABILITIES AND NET ASSETS, continued:				
Net assets:				
Without donor restrictions	76,566,995	(57,303)	15,775	76,525,467
With donor restrictions:				
Restricted by purpose and time	8,124,876	41,528	-	8,166,404
Restricted in perpetuity	371,000	-	-	371,000
Total Net Assets	85,062,871	(15,775)	15,775	85,062,871
Total Liabilities and Net Assets	\$ 108,100,829	\$ 1,778,339	\$ (1,765,032)	\$ 108,114,136

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Activities

Year Ended September 30, 2025

	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	\$ 82,014,008	\$ 31,679,644	\$ 113,693,652	\$ 241,058	\$ 3,876,531	\$ 4,117,589	\$ (4,093,576)	\$ 113,717,665
Sales	11,986,247	-	11,986,247	49,053.00	-	49,053	-	12,035,300
Royalty and licensing revenue	1,328,761	-	1,328,761	-	-	-	-	1,328,761
Investment income	923,348	-	923,348	-	-	-	-	923,348
Event revenue	7,619,738	-	7,619,738	-	-	-	-	7,619,738
Change in value of annuities	738,991	-	738,991	-	-	-	-	738,991
Income of subsidiaries	3,726,702	-	3,726,702	-	-	-	(3,726,702)	-
Loss from joint ventures	(422,494)	-	(422,494)	-	-	-	-	(422,494)
Other revenue	2,332,320	-	2,332,320	1,506.00	-	1,506	-	2,333,826
Total Support and Revenue	110,247,621	31,679,644	141,927,265	291,617	3,876,531	4,168,148	(7,820,278)	138,275,135
NET ASSETS RELEASED:								
Time restrictions	106,014	(106,014)	-	-	-	-	-	-
Purpose restrictions	36,728,009	(36,728,009)	-	3,916,391	(3,916,391)	-	-	-
Total Net Assets Released	36,834,023	(36,834,023)	-	3,916,391	(3,916,391)	-	-	-
EXPENSES:								
Program services:								
Marriage	35,532,644	-	35,532,644	-	-	-	-	35,532,644
Parenting	42,074,767	-	42,074,767	424,926	-	424,926	(4,093,576)	38,406,117
Evangelism and discipleship	27,694,407	-	27,694,407	-	-	-	-	27,694,407
Advocacy	11,925,982	-	11,925,982	-	-	-	-	11,925,982
Citizenship	3,466,565	-	3,466,565	-	-	-	-	3,466,565
	120,694,365	-	120,694,365	424,926	-	424,926	(4,093,576)	117,025,715
Supporting activities:								
General and administrative	11,237,638	-	11,237,638	16,520	-	16,520	-	11,254,158
Fundraising	13,845,552	-	13,845,552	-	-	-	-	13,845,552
Total Expenses	145,777,555	-	145,777,555	441,446	-	441,446	(4,093,576)	142,125,425
Change in Net Assets	1,304,089	(5,154,379)	(3,850,290)	3,766,562	(39,860)	3,726,702	(3,726,702)	(3,850,290)
Net Assets, Beginning of Year	76,566,995	8,495,876	85,062,871	(57,303)	41,528	(15,775)	15,775	85,062,871
Net Assets, End of Year	\$ 77,871,084	\$ 3,341,497	\$ 81,212,581	\$ 3,709,259	\$ 1,668	\$ 3,710,927	\$ (3,710,927)	\$ 81,212,581

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Activities

Year Ended September 30, 2024

	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	\$ 77,658,259	\$ 37,264,466	\$ 114,922,725	\$ 354,758	\$ 219,762	\$ 574,520	\$ (509,762)	\$ 114,987,483
Sales	11,637,132	-	11,637,132	175,389	-	175,389	-	11,812,521
Royalty and licensing revenue	1,915,314	-	1,915,314	48	-	48	-	1,915,362
Investment income	1,932,764	-	1,932,764	-	-	-	-	1,932,764
Event revenue	8,898,747	-	8,898,747	-	-	-	-	8,898,747
Change in value of annuities	1,847,846	-	1,847,846	-	-	-	-	1,847,846
Loss of subsidiaries	(271,836)	-	(271,836)	-	-	-	271,836	-
Income from joint ventures	(1,490,487)	-	(1,490,487)	-	-	-	-	(1,490,487)
Other revenue	2,842,453	-	2,842,453	1,144	-	1,144	-	2,843,597
Total Support and Revenue	104,970,192	37,264,466	142,234,658	531,339	219,762	751,101	(237,926)	142,747,833
NET ASSETS RELEASED:								
Time restrictions	116,660	(116,660)	-	-	-	-	-	-
Purpose restrictions	41,284,233	(41,284,233)	-	344,570	(344,570)	-	-	-
Total Net Assets Released	41,400,893	(41,400,893)	-	344,570	(344,570)	-	-	-
EXPENSES:								
Program services:								
Marriage	29,775,536	-	29,775,536	-	-	-	-	29,775,536
Parenting	38,929,482	-	38,929,482	1,001,150	-	1,001,150	(509,762)	39,420,870
Evangelism	-	-	-	-	-	-	-	-
and discipleship	32,097,933	-	32,097,933	87	-	87	-	32,098,020
Advocacy	17,400,253	-	17,400,253	-	-	-	-	17,400,253
Citizenship	2,908,550	-	2,908,550	-	-	-	-	2,908,550
	121,111,754	-	121,111,754	1,001,237	-	1,001,237	(509,762)	121,603,229
Supporting activities:								
General and administrative	8,891,290	-	8,891,290	21,700	-	21,700	-	8,912,990
Fundraising	13,283,450	-	13,283,450	-	-	-	-	13,283,450
Total Expenses	143,286,494	-	143,286,494	1,022,937	-	1,022,937	(509,762)	143,799,669
Dissolution of entity	-	-	-	(76,348)	-	(76,348)	76,348	-
Change in Net Assets	3,084,591	(4,136,427)	(1,051,836)	(223,376)	(124,808)	(348,184)	348,184	(1,051,836)
Net Assets, Beginning of Year	73,482,404	12,632,303	86,114,707	166,073	166,336	332,409	(332,409)	86,114,707
Net Assets, End of Year	\$ 76,566,995	\$ 8,495,876	\$ 85,062,871	\$ (57,303)	\$ 41,528	\$ (15,775)	\$ 15,775	\$ 85,062,871