Financial Statements
December 31, 2022 and 2021

Christian Worship Hour

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Independent Auditor's Report

To the Board of Directors
Christian Worship Hour
Aberdeen, South Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Christian Worship Hour, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Christian Worship Hour as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Worship Hour's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Christian Worship Hour's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Worship Hour's ability to continue as a going concern for a reasonable period of time.

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

Eide Bailly LLP

Aberdeen, South Dakota
December 19, 2023

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 477,919	$ 699,653
Contributions receivable	63,347	117,953
Prepaid expenses	174,385	302,935
Total current assets	715,651	1,120,541
Property and Equipment		
Equipment and software	211,041	99,745
Construction in progress	-	92,895
Less accumulated depreciation	(83,964)	(66,629)
Total property and equipment	127,077	126,011
Investments	1,727,362	2,127,927
Total assets	$ 2,570,090	$ 3,374,479
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 284,026	$ 169,616
Total current liabilities	284,026	169,616
Net Assets		
Without donor restrictions	2,274,314	3,142,943
With donor restrictions	11,750	61,920
Total net assets	2,286,064	3,204,863
Total liabilities and net assets	$ 2,570,090	$ 3,374,479

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Direct contributions	$ 3,177,267	$ 3,500	$ 3,180,767
Net investment return	(46,495)	-	(46,495)
Net assets released from restrictions:			
Specific radio stations	53,670	(53,670)	-
Total revenues and other support	3,184,442	(50,170)	3,134,272
Expenses			
Program services			
Christian ministry:			
Broadcast and production	3,199,473	-	3,199,473
Film production	4,069	-	4,069
Salaries and benefits	96,041	-	96,041
Printing and publication	6,672	-	6,672
Occupancy and supplies	56,976	-	56,976
Postage and mailing	169,886	-	169,886
Depreciation	17,335	-	17,335
Total program services	3,550,452	-	3,550,452
Supporting services			
Administrative and general:			
Office salaries and benefits	208,981	-	208,981
Postage and mailing	18,264	-	18,264
Bank and credit card fees	10,690	-	10,690
Occupancy and supplies	73,956	-	73,956
Printing and publication	926	-	926
Professional fees	22,791	-	22,791
Fundraising and development:			
Broadcast and production	90,688	-	90,688
Salaries and benefits	5,100	-	5,100
Postage and mailing	18,264	-	18,264
Printing and publication	10	-	10
Bank and credit card fees	10,690	-	10,690
Occupancy and supplies	42,259	-	42,259
Total supporting services	502,619	-	502,619
Total expenses	4,053,071	-	4,053,071
Change in Net Assets	(868,629)	(50,170)	(918,799)
Net Assets, Beginning of Year	3,142,943	61,920	3,204,863
Net Assets, End of Year	$ 2,274,314	$ 11,750	$ 2,286,064

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Direct contributions	$ 3,993,228	$ 61,920	$ 4,055,148
Net investment return	19,715	-	19,715
Net assets released from restrictions			
Specific radio stations	74,870	(74,870)	-
Total revenues and other support	4,087,813	(12,950)	4,074,863
Expenses			
Program services			
Christian ministry:			
Broadcast and production	3,231,818	-	3,231,818
Film production	2,233	-	2,233
Salaries and benefits	88,944	-	88,944
Printing and publication	39,865	-	39,865
Occupancy and supplies	60,380	-	60,380
Postage and mailing	187,965	-	187,965
Depreciation	8,817	-	8,817
Total program services	3,620,022	-	3,620,022
Supporting services			
Administrative and general:			
Office salaries and benefits	165,976	-	165,976
Postage and mailing	18,127	-	18,127
Bank and credit card fees	12,241	-	12,241
Occupancy and supplies	85,223	-	85,223
Printing and publication	4,679	-	4,679
Professional fees	15,070	-	15,070
Fundraising and development:			
Broadcast and production	96,824	-	96,824
Salaries and benefits	4,215	-	4,215
Postage and mailing	18,127	-	18,127
Printing and publication	18	-	18
Bank and credit card fees	12,241	-	12,241
Office supplies and expenses	23,865	-	23,865
Total supporting services	456,606	-	456,606
Total expenses	4,076,628	-	4,076,628
Change in Net Assets	11,185	(12,950)	(1,765)
Net Assets, Beginning of the Year	3,131,758	74,870	3,206,628
Net Assets, End of Year	$ 3,142,943	$ 61,920	$ 3,204,863

	2022	2021
Operating Activities		
Change in net assets	$ (918,799)	$ (1,765)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Realized and unrealized (gains)/losses on investments	(47,639)	(15,170)
Noncash gifted assets	-	(299,107)
Depreciation	17,335	8,817
Changes in operating assets and liabilities		
Contributions receivable	54,606	(67,352)
Prepaid expense	128,550	(120,002)
Accounts payable	114,410	(139,884)
Net Cash used for Operating Activities	(651,537)	(634,463)
Investing Activities		
Purchase of equipment	(18,401)	(44,160)
Proceeds from the sale of assets gifted	-	299,107
Purchase of investments	(1,513,801)	(1,048,108)
Proceeds from sale of investments	1,962,005	245,000
Net Cash from (used for) Investing Activities	429,803	(548,161)
Net Change in Cash and Cash Equivalents	(221,734)	(1,182,624)
Cash and Cash Equivalents, Beginning of Year	699,653	1,882,277
Cash and Cash Equivalents, End of Year	$ 477,919	$ 699,653

Note 1 - Nature of Operations and Significant Accounting Policies

Nature of Operations

Christian Worship Hour (the Organization) is a nonprofit organization providing telecasted or radio worship services which are aired on television stations or broadcast on radio stations across the United States, Canada and internationally. The vision of the Organization is to offer a worship service to individuals who are housebound.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less and include all checking and money market accounts.

Contributions Receivable

The Organization records contributions receivable that are expected to be collected within one year at net realizable value. All contributions receivable at December 31, 2022 and 2021, were expected be collected within one year. Allowance for contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At December 31, 2022 and 2021, there were no allowances on the contributions receivable.

Prepaid Expenses

The Organization records all expenses that are paid prior to year-end and relate to broadcasting or software expenses to be provided in a future period as a prepaid expense.

Property and Equipment

Property and equipment additions over $10,000 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2022 and 2021.

Investments

The Organization records investment purchases at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less external investment expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has not made any designations from net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in with donor-restricted net assets. When a restriction expires, with donor-restricted net assets are reclassified to without donor-restricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and support services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation which are allocated on a square footage basis, as well as salaries and benefits, office supplies and expenses, broadcast and production, and postage and mailing, which are allocated on the basis of estimated time and effort.

Income Taxes

The Organization is organized as a South Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(a) as an organization described in Internal Revenue Code Section 501(c)(3), qualifies for charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization could be subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments

Deposit concentration risk is managed by placing cash, money market accounts, and non-negotiable certificates of deposit with financial institutions believed to be creditworthy. The Organization maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2022 and 2021, the Organization had approximately $257,000 and $273,000, respectively, in excess of FDIC-insured limits. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

In-kind Contributions

In-kind contributions include donated professional services and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended December 31, 2022 and 2021, respectively. The Organization's policy is to sell contributed assets upon receipt and investment in accordance with their policy.

Subsequent Events

The Organization has evaluated subsequent events through December 19, 2023, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash	$ 477,919	$ 699,653
Contributions receivable	63,347	117,953
	$ 541,266	$ 817,606

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Organization receives contributions with donor restrictions and considers contributions with donor restrictions for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures if those expenses are expected to be spent in the next 12 months. All donor-restricted funds are expected to be spent within the next 12 months and, so, are included in table above.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days' operating expenses. It also has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 15 to 30 days of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments. These assets can be liquidated as needed to pay for operating activities.

Note 3 - Fair Value Measurements and Disclosures

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset, and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they are comprised of open-end mutual funds and equity securities with readily determinable fair values based on daily redemption values. Certificates of deposit are invested and traded in the financial markets. The annuity contract is invested with an insurance and annuity company. Those certificates of deposit and annuity contract are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

The following table presents assets and liabilities measured at fair value on a recurring basis at December 31, 2022:

		Fair Value Measurements at Report Date Using		
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds and equity securities	$ 781,543	$ 781,543	$ -	$ -
Fixed annuity	463,391	-	463,391	-
Negotiable Certificates of deposit	482,428	-	482,428	-
	$ 1,727,362	$ 781,543	$ 945,819	$ -

The following table presents assets and liabilities measured at fair value on a recurring basis at December 31, 2021:

Assets	Total	Fair Value Measurements at Report Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds	$ 1,373,017	$ 1,373,017	$ -	$ -
Fixed annuity	506,025	-	506,025	-
Negotiable Certificates of deposit	248,885	-	248,885	-
	$ 2,127,927	$ 1,373,017	$ 754,910	$ -

Note 4 - Investment Return

Investment return consists of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Interest and dividends	$ 1,144	$ 4,545
Net realized and unrealized gain (loss)	(47,639)	15,170
	$ (46,495)	$ 19,715

Note 5 - Operating Lease

The Organization leases office space on a month-to-month lease with monthly lease payments of $2,700 in 2022 and 2021 (see Note 6). The total lease expense for 2022 and 2021 was $32,400 and $32,400, respectively.

Note 6 - Related Party Transactions

The Organization maintains cash, cash equivalents and investments with an investment company which employs a board member of the Christian Worship Hour. At December 31, 2022 and 2021, the Organization had cash, cash equivalents and investments totaling $1,729,384 and $2,522,221, respectively, held by that investment company.

During 2019, the Organization entered into a rental agreement for their office building which is owned by a board member of Christian Worship Hour. During the years ended December 31, 2022 and 2021, the Organization made rent payments totaling $32,400 and $32,400, respectively. The agreement is a monthly lease automatically renewing each month and is cancellable by either party with written notice. Subsequent to year-end, the Organization signed a one-year lease that does not include an option to renew.

During 2022 and 2021, the Organization had donations from board members totaling approximately $42,300 and $31,400, respectively. During 2022 and 2021, the Organization paid two entities which were owned by board members for film expenses, marketing expenses and office supplies totaling $32,498 and $31,696, respectively.

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	2022	2021
Subject to Expenditure for Specified Purpose		
Specific radio stations	$ 11,750	$ 61,920

Note 8 - Joint Costs of Activities That Include a Fundraising Appeal

A monthly newsletter is produced that includes programmatic and administrative information, together with a request for contributions in mission support. During the years ended December 31, 2022 and 2021, the costs of producing the newsletter included joint costs not directly attributable to any single function. Those costs were allocated among the following functional expense categories and are included on the postage and mailing line on the statement of activities based on content included in the newsletter and formal request for money included in the letter as follows:

	2022	2021
Christian ministry program	$ 107,558	$ 120,286
Administrative and general	5,975	6,683
Fundraising and development	5,975	14,402
	$ 119,508	$ 141,371