

ASAP MINISTRIES, INC.

Financial Statements

For the Year Ended September 30, 2024

ASAP MINISTRIES, INC.

Table of Contents

	Page
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4-5
Statement of Functional Expenses	6-7
Statement of Cash Flows	8
Notes to Financial Statements	9-18

Independent Auditors' Report

To the Board of Directors
ASAP Ministries, Inc.
Berrien Springs, MI

Opinion

We have audited the accompanying financial statements of ASAP Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the period then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASAP Ministries, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 ASAP Ministries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of ASAP Ministries as of September 30, 2023 were audited by other auditors whose report dated July 29, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 ASAP Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

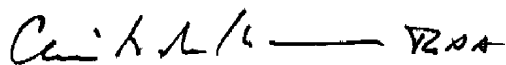
Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Exercise professional judgement 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 ASAP Ministries, Inc.' 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about ASAP Ministries, Inc.'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.



Gaffney, SC
May 5, 2025

ASAP MINISTRIES, INC.
Statement of Financial Position
September 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,115,730	827,673
Short-Term Investments	285,501	1,599,022
Accounts Receivable	4,353	142,733
Prepaid Expenses	45,675	33,927
Total Current Assets	<u>2,451,259</u>	<u>2,603,355</u>
PROPERTY AND EQUIPMENT		
Land	9,052	9,052
Buildings and Improvements	317,021	287,859
Leasehold Improvements	75,761	75,761
Equipment	78,406	79,424
Furniture and Fixtures	79,618	79,618
Software	9,455	-
Vehicles	19,400	34,671
Total	<u>588,713</u>	<u>566,385</u>
Accumulated Depreciation/Amortization	<u>(294,640)</u>	<u>(267,916)</u>
Net Property and Equipment	<u>294,073</u>	<u>298,469</u>
OTHER ASSETS		
Other Investments	378,620	366,734
Operating Right of Use Asset, Net of Amortization	188,441	232,564
Total Other Assets	<u>567,061</u>	<u>599,298</u>
TOTAL ASSETS	<u><u>\$ 3,312,393</u></u>	<u><u>3,501,122</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 90,571	101,234
Accrued Expenses	245,866	80,447
Current Portion of Operating Lease Liability	47,046	44,093
Total Current Liabilities	<u>383,483</u>	<u>225,774</u>
LONG-TERM LIABILITIES		
Long-Term Operating Lease Liability	141,438	188,484
Total Other Liabilities	<u>141,438</u>	<u>188,484</u>
TOTAL LIABILITIES	<u><u>\$ 524,921</u></u>	<u><u>414,258</u></u>
NE ASSETS		
Net Assets without Donor Restrictions	\$ 1,245,795	1,153,280
Net Assets with Donor Restrictions	1,541,677	1,933,584
Total Net Assets	<u>2,787,472</u>	<u>3,086,864</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,312,393</u></u>	<u><u>3,501,122</u></u>

The accompanying notes are an integral part of these financial statements.

ASAP MINISTRIES, INC.
Statement of Activities
For the Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and Grants	\$ 1,330,862	2,599,552	3,930,414
Contributions of Nonfinancial Assets	21,146	-	21,146
Rent Income	5,400	-	5,400
Investment Income, Net	76,152	-	76,152
Unrealized Gain on Investments	34,179	-	34,179
Other Income	4,641	-	4,641
Unrealized Gain on Foreign Currency Translation	27,586	-	27,586
Total Public Support and Revenue	<u>1,499,966</u>	<u>2,599,552</u>	<u>4,099,518</u>
Net Assets Released from Restrictions:			
Satisfaction of Restrictions	2,991,459	(2,991,459)	-
FUNCTIONAL EXPENSES			
Program	3,319,719	-	3,319,719
Management and General	476,504	-	476,504
Fundraising	602,687	-	602,687
Total Functional Expenses	<u>4,398,910</u>	<u>-</u>	<u>4,398,910</u>
CHANGE IN NET ASSETS	92,515	(391,907)	(299,392)
NET ASSETS, BEGINNING OF YEAR	<u>1,153,280</u>	<u>1,933,584</u>	<u>3,086,864</u>
NET ASSETS, END OF YEAR	<u>\$ 1,245,795</u>	<u>1,541,677</u>	<u>2,787,472</u>

The accompanying notes are an integral part of these financial statements.

ASAP MINISTRIES, INC.
Statement of Activities
For the Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and Grants	\$ 1,362,133	2,084,312	3,446,445
Contributions of Nonfinancial Assets	5,000	-	5,000
Rent Income	4,643	-	4,643
Other Income	1,601	-	1,601
Investment Income, Net	68,854	-	68,854
Total Public Support and Revenue	<u>1,442,231</u>	<u>2,084,312</u>	<u>3,526,543</u>
Net Assets Released from Restrictions:			
Satisfaction of Restrictions	2,506,300	(2,506,300)	-
FUNCTIONAL EXPENSES			
Program	3,389,218	-	3,389,218
Management and General	384,355	-	384,355
Fundraising	465,125	-	465,125
Total Functional Expenses	<u>4,238,698</u>	<u>-</u>	<u>4,238,698</u>
CHANGE IN NET ASSETS	(290,167)	(421,988)	(712,155)
NET ASSETS, BEGINNING OF YEAR	<u>1,443,447</u>	<u>2,355,572</u>	<u>3,799,019</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,153,280</u></u>	<u><u>1,933,584</u></u>	<u><u>3,086,864</u></u>

The accompanying notes are an integral part of these financial statements.

ASAP MINISTRIES, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2024

	Total Program Services	Supporting Services		Total Support Services	2024 Total
		Management and General	Fundraising		
Grants, Contracts and Direct Assistance	\$ 2,269,573	-	-	-	2,269,573
Salaries and Wages	482,605	202,646	277,012	479,658	962,263
Payroll Taxes	37,985	16,033	20,594	36,627	74,612
Employee Benefits	103,762	63,865	69,653	133,518	237,280
Contract Services	27,926	78,552	21,905	100,457	128,383
Technology	28,707	21,435	38,305	59,740	88,447
Depreciation & Amortization	33,200	24,825	28,092	52,917	86,117
Insurance	3,493	796	2,799	3,595	7,088
Office Expense	32,829	6,367	6,347	12,714	45,543
Printing and Publications	24,623	202	49,219	49,421	74,044
Advertising and Promotion	73,898	174	24,736	24,910	98,808
Occupancy	6,118	6,033	4,517	10,550	16,668
Telephone	2,120	1,163	2,063	3,226	5,346
Travel	166,861	15,057	34,856	49,913	216,774
Bank Fees	-	35,897	-	35,897	35,897
Miscellaneous Expense	171	195	-	195	366
Interest Expense	13,507	-	-	-	13,507
Postage and Shipping	12,341	3,264	22,589	25,853	38,194
Total Functional Expenses	<u>\$ 3,319,719</u>	<u>476,504</u>	<u>602,687</u>	<u>1,079,191</u>	<u>4,398,910</u>

The accompanying notes are an integral part of these financial statements.

ASAP MINISTRIES, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2023

	Total Program Services	Supporting Services			2023 Total
		Management and General	Fund Raising	Total Support Services	
Grants, Contracts and Direct Assistance	\$ 2,327,592	-	-	-	2,327,592
Salaries and Wages	457,630	194,149	213,907	408,056	865,686
Payroll Taxes	36,883	15,676	17,398	33,074	69,957
Employee Benefits	85,039	51,178	49,749	100,927	185,966
Contract Services	48,847	26,765	24,694	51,459	100,306
Technology	11,319	9,799	38,357	48,156	59,475
Depreciation	7,296	5,221	6,173	11,394	18,690
Insurance	3,170	1,784	2,103	3,887	7,057
Office Expense	98,688	12,924	12,837	25,761	124,449
Printing and Publications	24,608	87	25,274	25,361	49,969
Advertising and Promotion	33,299	254	18,579	18,833	52,132
Occupancy	19,524	12,002	14,110	26,112	45,636
Telephone	2,555	1,916	2,697	4,613	7,168
Travel	212,338	15,378	25,703	41,081	253,419
Bank Fees	1,324	34,518	211	34,729	36,053
Miscellaneous Expense	383	239	630	869	1,252
Property Taxes	251	-	-	-	251
Postage and Shipping	18,472	2,465	12,703	15,168	33,640
Total Functional Expenses	<u>\$ 3,389,218</u>	<u>384,355</u>	<u>465,125</u>	<u>849,480</u>	<u>4,238,698</u>

The accompanying notes are an integral part of these financial statements.

ASAP MINISTRIES, INC.
Statement of Cash Flows
For the Year Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows Provided by Operating Activities		
Change in Net Assets	\$ (299,392)	(712,155)
Adjustment to Reconcile Decrease in Net Assets to Net Cash from (Used In) Operating Activities:		
Depreciation & Amortization	86,117	18,690
Unrealized (Gain) Loss	(34,179)	(57,022)
Realized Loss	-	37,254
Noncash Rent Expense	-	13
Adjustment for Changes in Operating Assets and Liabilities:		
Accounts Receivable	138,380	(133,770)
Prepaid Expenses	(11,748)	(29,566)
Accounts Payable	(10,662)	51,583
Accrued Expenses	165,419	55,132
Net Cash Flows Provided by (Used In) Operating Activities	<u>33,935</u>	<u>(769,841)</u>
Cash Flows Used In Investing Activities:		
Proceeds from Sale of Investments	2,416,241	1,912,439
Purchase of Investments	(1,080,426)	(2,857,542)
Purchases of Property and Equipment	(37,600)	(154,569)
Net Cash Flows Used In Investing Activities	<u>1,298,215</u>	<u>(1,099,672)</u>
Cash Flows Used In Financing Activities:		
Principal Payment of Lease Liability	(44,093)	-
CHANGE IN CASH, RESTRICTED CASH AND CASH EQUIVALENTS	1,288,057	(1,869,513)
Cash and Cash Equivalents - Beginning of Year	<u>827,673</u>	<u>2,697,186</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,115,730</u>	<u>827,673</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING ACTIVITIES		
Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	-	250,122

The accompanying notes are an integral part of these financial statements.

ASAP MINISTRIES, INC.
Notes to Financial Statements
September 30, 2024 and 2023

NATURE OF BUSINESS

ASAP Ministries, Inc. (the "Organization") is a nonprofit organization located in Berrien Springs, Michigan. ASAP Ministries mission is to empower local missionaries in Southeast Asia and the 10/40 window to restore and to disciple the marginalized with the wholistic gospel, which includes education and humanitarian endeavors. Funding is primarily provided by individual and corporate donations.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on the accrual basis of accounting.

The Organization adheres to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, which sets standards for reporting on financial statements of nonprofit organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

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

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

FAIR VALUE MEASUREMENTS

Management accounts for all assets and liabilities that are measured and reported on a fair value basis under the Fair Value Measurements and Disclosures Topic of FASB ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The framework for measuring fair value establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ASAP MINISTRIES, INC.
Notes to Financial Statements
September 30, 2024 and 2023

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES, Continued

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents. Cash is held at a local bank and is insured up to the limits by the FDIC. It is common throughout the course of operations for the Organization's cash balance to exceed the insured limit.

The Organization had \$1,541,667 and \$1,933,584 of restricted net assets comprised of cash and investments included in current assets on the Statements of Financial Position at September 30, 2024 and 2023, respectively. Restricted cash is for use in the programs described in Note 4.

CONCENTRATION OF CREDIT RISK

Financial instruments with potential credit risk consists of cash. Concentration of credit risk with respect to cash generally relates to deposits held at the bank which may exceed the amount of insurance provided on the deposits and the potential inability to access liquidity in the financial institutions where the cash is concentrated. The risk is managed as the cash may be redeemed upon demand and is maintained in a financial institution with reputable credit, and, therefore, bears minimal credit risk.

ACCOUNTS RECEIVABLE

Receivables for point-in-time revenues are stated at the amount management expects to collect from outstanding balances and are presented net of allowance for doubtful accounts. Management has determined that no allowance is necessary at September 30, 2024 or 2023. Factors considered in determining collectibility include past collection history, an aged analysis of receivables, economic conditions, as well as historical trends. The Organization does not charge interest on past due accounts.

PREPAID EXPENSES

Prepaid expenses consist of amounts advanced to individuals and other entities by the Organization for short-term projects. Those individuals and entities were to present receipts to the Organization to verify the purpose for which the funds advanced to them were spent. Expenses were recognized by the Organization at that time. Amounts for which the Organization did not receive verification of expenditure were to be refunded to the Organization by the individuals and entities.

CONTRIBUTIONS

Contributions, including promises to give, are recorded when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions received are considered to be available for current use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

ASAP MINISTRIES, INC.
Notes to Financial Statements
September 30, 2024 and 2023

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES, Continued

CONTRIBUTIONS OF NONFINANCIAL ASSETS

In order to recognize donated services as contributions in the financial statements the services must require special skills, be provided by individuals who possess those skills, and typically need to be purchased if not contributed. A number of unpaid volunteers have made significant contributions of their time to the Organization's various programs. The value of the contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition.

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as current support at their estimated fair value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. The Organization did not receive any donated assets during the years ended September 30, 2024 or 2023.

Purchased property and equipment are stated at cost. Expenditure for additions, improvements and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was \$40,104 and \$18,690 for the years ended September 30, 2024 and 2023, respectively.

A summary of the range of lives by asset category follows:

Buildings and Building Improvements	15 - 31.5 years
Leasehold Improvements	5 years
Equipment	3 - 5 years
Furniture and Fixtures	5 - 7 years
Vehicles	5 years

ADVERTISING COSTS

Various costs relating to advertising are considered period costs and are expensed as incurred. Advertising costs for the years ended September 30, 2024 and 2023 were \$80,399 and \$52,132, respectively.

ASAP MINISTRIES, INC.
Notes to Financial Statements
September 30, 2024 and 2023

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES, Continued

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Significant expenses that are allocated include the following:

Expense	Method of Allocation
Employee Benefits, Contract Services, Facility Equipment and Depreciation	Time and Effort

All other expenses are assigned to their respective functional category by method of direct assignment.

COPYRIGHTS AND TRADEMARKS

The Organization has adopted the policy of expensing as current expenses the legal fees of registering its copyrights and trademarks.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service (IRS) has determined that the Organization is not a private foundation within the meaning of Section 509(a).

The Income Taxes Topic, FASB ASC 740, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. ASC 740 requires an entity to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The entity recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying ASC 740 will be recorded to interest expense and other expense, respectively.

Based on its evaluation, the Organization has concluded that there are no uncertain tax positions requiring recognition in its financial statements. The evaluation was performed for all federal and state tax periods still subject to examination. The Organization's 2020 through 2022 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

ASAP MINISTRIES, INC.
Notes to Financial Statements
September 30, 2024 and 2023

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES, Continued

CHANGE IN ACCOUNTING PRINCIPLE

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of October 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU 2018-11, Leases (Topic 842): Targeted Improvements. The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of October 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. No cumulative effect adjustment to net assets as of October 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended September 30, 2023.

As part of the transition, the Organization elected to apply the following practical expedients:

Package of practical expedients:

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

Other practical expedients:

- Election whereby the lease and nonlease components will not be separated for leases.
- Election not to record right of use ("ROU") assets and corresponding lease liabilities for short-term leases with a lease term of twelve months or less, but greater than one month and leases of low-value assets. Leases of one month or less are not included in short-term lease costs. On such leases, lease payments are recognized as expense on a straight-line basis over the lease term.

LEASES

The Organization accounts for leases in accordance with ASU No. 2016-02, Leases (Topic 842). Leases are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. Management determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. Management determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and ROU asset at the commencement date of the lease.

Beginning September 30, 2023, operating lease ROU assets and related current and long-term portions of operating leases liabilities have been presented in the Statement of Financial Position

ASAP MINISTRIES, INC.
Notes to Financial Statements
September 30, 2024 and 2023

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES, Continued

Lease liabilities: A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease-term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization uses its incremental borrowing rate based on the information available at the commencement date of the lease. The incremental borrowing rate for a lease is the rate of interest the Organization would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. The Organization determines its incremental borrowing rates by starting with the interest rates on recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases.

ROU assets: A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for low-value leases and short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that is reasonably certain to exercise. The Organization recognizes lease cost associated with its low-value and short-term leases on a straight-line basis over the lease term.

ASAP MINISTRIES, INC.
Notes to Financial Statements
September 30, 2024 and 2023

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has working capital of \$2,067,776 and \$2,377,581 and average days cash on hand of 0 and 30 as of September 30, 2024 and 2023, respectively.

The table below represents financial assets available for general expenditures within one year at September 30:

	2024	2023
Cash	\$ 2,115,730	827,673
Investments	285,501	1,599,022
Accounts Receivable, Net	4,353	142,733
Less Assets Limited to Use Donor Restricted	<u>(1,541,677)</u>	<u>(1,933,584)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 863,907</u>	<u>635,844</u>
Total		

The Organization has certain donor restricted assets limited to use which are available for general expenditure within one year in the normal course of operations (Note 4). Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditure within one year.

NOTE 3 – FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under ASC 820 are described below:

Basis of Fair Value Measurement

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 - Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fixed annuity contract has a 5-year term that will terminate April 27, 2027, with the Organization being named as the beneficiary. The organization may withdraw interest only for the first contract year, and following years may withdraw up to 15% of the contract value with no penalty. The current contract provides for a fixed interest rate over the 5-year period.

ASAP MINISTRIES, INC.
Notes to Financial Statements
September 30, 2024 and 2023

NOTE 3 – FAIR VALUE MEASUREMENTS, Continued

The following table presents the Organization's fair value hierarchy for investment assets at fair value, as of September 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments:				
Equities	\$ 285,501	-	-	285,501
Fixed Annuity	-	378,620	-	378,620
Total	<u>\$ 285,501</u>	<u>378,620</u>	<u>-</u>	<u>664,121</u>

The following table presents the Organization's fair value hierarchy for investment assets at fair value, as of September 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of Deposit	\$ -	1,196,000	-	1,196,000
Equities	4,823	-	-	4,823
Fixed Income	398,199	-	-	398,199
Fixed Annuity	-	366,734	-	366,734
Total	<u>\$ 403,022</u>	<u>1,562,734</u>	<u>-</u>	<u>1,965,756</u>

The Organization held investments in a fixed annuity that made up approximately 16% and 14% of total investments at September 30, 2023 and 2022, respectively.

Investment securities in general are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near-term and such changes could materially affect the amounts reported in the Statements of Financial Position.

NOTE 4 – LEASES

The Organization entered into a triple net lease with a related third party for commercial office space in Berrien Springs, Michigan commencing on May 1, 2023 and expiring May 30, 2028. The entity that owns the building is owned by the president of the Organization's Board of Directors. The lease initially requires monthly payments of \$4,800 with payments adjusted each year in January as calculated by multiplying the base rent by the annual change in the Consumer Price Index (CPI). The adjustment will not go lower than the full cost of the listed base rent. The lessee can renew the lease for a term of five years by giving written notice to the lessor no less than 90 days prior to the expiration of the lease or renewal period. The lessee is responsible for 76.5% of shared costs for the utilized space for utilities that supply the entire building which include natural gas, water, and sewer. Other property expenses the lessee is responsible for include, but are not limited to, personal property taxes, electricity, security system, insurance, and maintenance costs.

The lease is classified as an operating lease and reported on the Statements of Financial Position as of September 30, 2024 and 2023, with right-of-use assets of \$188,441 and \$232,564, net of accumulated amortization of \$61,681 and \$17,558, respectively. Corresponding operating lease liabilities are recorded as current liabilities of \$47,046 and \$44,093, and non-current liabilities of \$141,438 and \$188,484. Rent expense under this lease totaled \$57,600 in 2024 and \$24,000 in 2023.

Management has elected not to separate nonlease components from lease components in leases.

ASAP MINISTRIES, INC.
Notes to Financial Statements
September 30, 2024 and 2023

NOTE 4 – LEASES, Continued

The components of operating lease cost are as follows for the year ended September 30:

Lease Cost:		
Operating Lease Cost	\$	57,600
Other Information:		
Right -of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$	250,122
Weighted-Average Remaining Lease Term - Operating Leases		4.67 years
Weighted-Average Discount Rate - Operating Leases		6.5%

Maturities of operating and finance lease liabilities under ASC 842 are as follows for the years ending September 30:

	Principal	Interest	Total Lease Payments
2025	47,046	10,554	57,600
2026	50,196	7,404	57,600
2027	53,558	4,042	57,600
2028	37,684	716	38,400
Total Lease Payments	<u>188,484</u>	<u>22,716</u>	<u>211,200</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at September 30:

	2024	2023
Evangelism	\$ 675,164	874,864
Education	344,216	223,677
Humanitarian	134,543	217,312
Construction	219,290	141,943
Other	168,464	475,788
Total	<u>\$ 1,541,677</u>	<u>1,933,584</u>

ASAP MINISTRIES, INC.
Notes to Financial Statements
September 30, 2024 and 2023

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS, Continued

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of the restrictions as follows for the years ended September 30:

	2024	2023
Evangelism	\$ 1,036,002	1,256,142
Education	991,737	823,983
Humanitarian	88,819	101,139
Construction	164,560	85,271
Other	710,341	239,765
Total	<u>\$ 2,991,459</u>	<u>2,506,300</u>

NOTE 7 – RETIREMENT PLAN

The Organization maintains a Simplified Employee Pension (SEP) plan qualified under section 408(k)(1) of the Internal Revenue Code. Eligible employees must be 21 years of age or older and earn at least the minimum amount provided by IRS guidelines for SEP plans starting upon the date of hire. Upon qualification, the Organization will pay an amount equal to 5% of the employee's earnings into his/her SEP account. The Organization may waive this provision when funds are not available. There is no vesting period for the Organization's contribution. The Organization incurred expenses of \$48,253 and \$34,193 for the years ended September 30, 2024 and 2023, respectively.

NOTE 8 – FOREIGN CURRENCY TRANSLATION

The Organization receives and disburses grants in various foreign currencies. Foreign currency transactions are initially recorded in U.S. dollars based on exchange rates in effect at the transaction date. Assets and liabilities denominated in foreign currencies are remeasured at year-end rates.

For the year ended September 30, 2024, the Organization recognized an unrealized foreign currency exchange gain of \$27,586 related to cash accounts.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 5, 2025 the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.