



JONI AND FRIENDS

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2022 and 2021

JONI AND FRIENDS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Joni and Friends
Agoura Hills, California

Opinion

We have audited the accompanying consolidated financial statements of Joni and Friends, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities 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 consolidated financial position of Joni and Friends as of December 31, 2022 and 2021, and the changes in its net assets and 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Joni and Friends 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 Joni and Friends' 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
Joni and Friends
Agoura Hills, California

Auditors' 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 auditors' 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 Joni and Friends' 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 Joni and Friends' 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.

Capin Crouse LLP

Woodland Hills, California
May 22, 2023

JONI AND FRIENDS

Consolidated Statements of Financial Position

	December 31,	
	2022	2021
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 14,936,797	\$ 23,953,393
Prepaid expenses and other assets	1,396,212	603,539
Inventory–wheelchairs	3,995,899	3,910,515
Inventory–books and materials	363,912	197,309
	20,692,820	28,664,756
Non-current assets:		
Cash reserved for area ministries	250,000	250,000
Cash reserved for endowment	175,000	170,000
Endowment investments	14,746,119	4,662,854
Limited partnership interests	13,910,000	7,178,668
Intellectual property, net of amortization	374,610	408,944
Land, building, and equipment–at cost, net	21,013,605	21,603,868
Operating leases–right of use assets	649,696	-
Financing leases–right of use assets	138,526	-
	51,257,556	34,274,334
Total Assets	\$ 71,950,376	\$ 62,939,090
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 657,874	\$ 847,835
Accrued expenses	1,806,871	1,447,681
Operating lease obligations - current portion	353,065	-
Financing lease obligations - current portion	39,921	-
	2,857,731	2,295,516
Long-term debt - net of current portion	1,000,000	1,000,000
Operating lease obligations, net	296,555	-
Financing lease obligations, net	69,632	-
Total liabilities	4,223,918	3,295,516
Net assets:		
Net assets without donor restrictions	63,450,623	51,993,340
Net assets with donor restrictions	4,275,835	7,650,234
Total net assets	67,726,458	59,643,574
Total Liabilities and Net Assets	\$ 71,950,376	\$ 62,939,090

See notes to consolidated financial statements

JONI AND FRIENDS

Consolidated Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 30,828,523	\$ 929,012	\$ 31,757,535	\$ 28,751,558	\$ 30,900	\$ 28,782,458
Sales of books and materials	610,617	-	610,617	544,538	-	544,538
Tuition and registration	3,470,281	-	3,470,281	2,285,997	-	2,285,997
Donated stock	270,671	-	270,671	685,156	250,599	935,755
Oil royalty income	613,775	-	613,775	438,992	-	438,992
Royalty partnership income (oil and gas)	437,868	-	437,868	200,354	-	200,354
Limited partnership income	408,229	-	408,229	497,489	-	497,489
Gain on extinguishment of debt	-	-	-	2,295,257	-	2,295,257
Investment and other income	475,882	-	475,882	673,207	6,841	680,048
Realized gain on investments	257,355	-	257,355	39,483	4,367	43,850
Unrealized gain (loss) on investments	(1,284,287)	-	(1,284,287)	72,185	(4,509)	67,676
Unrealized gain (loss) on limited partnership interests	6,731,332	-	6,731,332	(265,979)	-	(265,979)
Gift-in-kind limited partnership interests	-	-	-	10,709,000	-	10,709,000
Contributed airtime, wheelchairs, services and materials	17,863,310	-	17,863,310	17,386,201	-	17,386,201
Net assets released from restrictions:						
Satisfaction of program restrictions	252,445	(252,445)	-	2,028,162	(2,028,162)	-
Satisfaction of wheelchair ministry and other project restrictions	4,050,966	(4,050,966)	-	4,303,096	(4,303,096)	-
Total Support, Revenue, and Reclassifications	64,986,967	(3,374,399)	61,612,568	70,644,696	(6,043,060)	64,601,636

(continued)

See notes to consolidated financial statements

JONI AND FRIENDS

Consolidated Statements of Activities

(continued)

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services	44,868,157	-	44,868,157	35,566,964	-	35,566,964
Supporting activities:						
General and administrative	3,974,774	-	3,974,774	3,336,896	-	3,336,896
Fundraising	4,686,753	-	4,686,753	3,609,322	-	3,609,322
	8,661,527	-	8,661,527	6,946,218	-	6,946,218
Total Expenses	53,529,684	-	53,529,684	42,513,182	-	42,513,182
Change in Net Assets	11,457,283	(3,374,399)	8,082,884	28,131,514	(6,043,060)	22,088,454
Net Assets, Beginning of Year	51,993,340	7,650,234	59,643,574	23,861,826	13,693,294	37,555,120
Net Assets, End of Year	\$ 63,450,623	\$ 4,275,835	\$ 67,726,458	\$ 51,993,340	\$ 7,650,234	\$ 59,643,574

See notes to consolidated financial statements

JONI AND FRIENDS

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 8,082,884	\$ 22,088,454
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	682,574	703,113
Amortization	67,744	45,851
Unrealized (gain) loss on investments	(5,446,229)	198,303
Realized loss on disposal of land, buildings, and equipment	-	68,253
Net investment income	(368,368)	(99,040)
Gifts-in-kind contributions-limited partnership interest	-	(10,709,000)
Gifts-in-kind contributions	(17,863,310)	(17,386,201)
Gifts-in-kind used in operations	17,777,926	17,440,891
Paycheck Protection Program loan forgiveness	-	(2,295,257)
Non cash effect of change in accounting principle	(58,101)	-
Net change in:		
Prepaid expenses and other assets	(792,673)	359,396
Inventory—books and materials	(166,603)	14,323
Accounts payable	(189,961)	534,896
Accrued expenses	359,190	67,363
Net Cash Provided by Operating Activities	2,085,073	11,031,345
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(11,000,000)	-
Proceeds from sale of land, buildings, and equipment	-	2,000
Capital expenditures	(92,311)	(216,913)
Cash received from return of capital	-	3,264,353
Net Cash Provided (Used) by Investing Activities	(11,092,311)	3,049,440
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal paid on finance leases	(4,358)	-
Payments on long-term debt	-	(4,514,783)
Payment on intellectual property	-	(186,000)
Net Cash Used in Financing Activities	(4,358)	(4,700,783)
Change in Cash and Cash Equivalents	(9,011,596)	9,380,002
Cash and Cash Equivalents, Beginning of Year	24,373,393	14,993,391
Cash and Cash Equivalents, End of Year	\$ 15,361,797	\$ 24,373,393

(continued)

See notes to consolidated financial statements

JONI AND FRIENDS

Consolidated Statements of Cash Flows

(continued)

	Year Ended December 31,	
	2022	2021
SUMMARY OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 14,936,797	\$ 23,953,393
Cash reserved for area ministries	250,000	250,000
Cash reserved for endowment	175,000	170,000
	<u>\$ 15,361,797</u>	<u>\$ 24,373,393</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 2,521</u>	<u>\$ 113,509</u>
Fixed assets fully depreciated at disposal	<u>\$ -</u>	<u>\$ 390,881</u>
Forgiveness of Paycheck Protection Program loan	<u>\$ -</u>	<u>\$ 2,295,257</u>
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 1,239,062</u>	<u>\$ -</u>
Right-of-use assets obtained in exchange for financing lease obligations	<u>\$ 1,241,297</u>	<u>\$ -</u>

See notes to consolidated financial statements

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

Joni and Friends (JAF or the Organization) was incorporated in 1979 in California as a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state laws. However, the Organization is subject to federal income tax on any unrelated business taxable income. In addition, the Organization is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

JAF is a religious organization dedicated to accelerating Christian ministry in the disability community. Field and service programs promote a Biblical response toward disabilities, assisting individuals and Churches through evangelism, training, encouragement, and practical service.

In April 2007, the Joni and Friends International Disability Center was opened in Agoura Hills, California as the permanent headquarters. In the same year, the Christian Institute on Disability was established to aggressively promote a Christ-centered, Biblical approach that protects human dignity and the sanctity of all human life, no matter what the disabling condition.

JAF has several area ministry offices located in the United States of America. These offices are controlled by JAF, and consequently, the financial position and results of operations of all offices are included in JAF's consolidated financial statements.

In 2020, JAF launched Joni's House, a network of international disability centers in developing nations that provide ongoing rehabilitation and wraparound support services to special needs families. In cooperation with local church, community, and government partners, Joni's House facilities provide for the physical, economic, social, and spiritual needs of families impacted by disability.

On December 31, 2014, the Joni and Friends Foundation (JAFF or the Foundation), a 501 (c)(3) supporting organization, was created with the sole purpose of supporting Joni and Friends, the parent organization. Contributions to the Foundation are exempt from federal income taxes under Section 170 (c)(2) of the Internal Revenue Code. JAFF was created to receive, manage, and distribute complex assets, manage the Joni and Friends endowment fund, and assume other actions assisting the work of Joni and Friends as are consistent with Joni and Friends' purposes. Joni and Friends has an economic interest in the Foundation through endowment agreements created to ultimately benefit Joni and Friends. Joni and Friends also has a controlling interest in the Foundation as Joni and Friends controls the Foundation's board. As a result, the financial statements of the Foundation have been consolidated with those of Joni and Friends.

JAF's primary source of income consists of contributions and gifts-in-kind.

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

1. NATURE OF ORGANIZATION, continued:

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements of Joni and Friends include the financial statements of Joni and Friends and the Joni and Friends Foundation. The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All material transactions and balances between JAF and JAFF have been eliminated in the consolidated financial statements. A summary of significant accounting policies the organization follows is included below to enhance the usefulness of the consolidated financial statements to the reader.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

CASH AND CASH EQUIVALENTS

For the consolidated statements of financial position and consolidated cash flow purposes, cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. Cash on deposit may, at times, exceed federally insured limits. At December 31, 2022 and 2021, JAF's cash balances exceeded federally insured limits by approximately \$11,380,000 and \$15,971,000, respectively.

INVENTORY

Inventory consists of two components: 1) Wheelchairs stated at estimated fair value on the date of the gift. Donated parts are valued at fair value. Donated labor used in refurbishment is expensed at estimated fair value of the donated labor. 2) Joni and Friends merchandise and books for sale are stated at the lower of cost or net realizable value, using the weighted average method.

INVESTMENTS

Investments in equity securities with readily determinable fair values are recorded at fair value with gains and losses reported in the consolidated statements of activities. Donated equity securities are recorded at fair value at the date of donation and are thereafter carried at fair value.

The Foundation's alternative investments include a 33% interest in real property (including mineral rights), 28.125% interest in a royalty stream and a limited partnership interest in three rental properties donated to the Foundation in 2021. These investments are reported at estimated fair value. JAFF received independent valuations of the real property and royalty stream investments by a qualified appraiser at December 31, 2022 and 2021, utilizing the current income method and a capitalization rate of 24% and 22% (see Note 5). JAFF received independent valuations of the partnership properties at December 31, 2022 and 2021, and utilized the net asset approach to determine valuation.

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risks associated with certain investments, it is reasonably possible that changes in the value of those investments will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

LAND, BUILDING, AND EQUIPMENT

Expenditures for land, buildings, and equipment greater than \$1,000 are capitalized at cost. Donated items are recorded at the fair value on the date of the gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets.

Estimated useful lives are:

Buildings and improvements	40 years
Furniture and equipment	3-7 years
Automobiles	5 years

NET ASSETS

The consolidated financial statements report amounts by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board for use in JAF's operations, for the board designated endowment fund, or for investment in land, buildings and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or for long-term projects. As of December 31, 2022 and 2021, the net assets with donor restrictions consist primarily of the wheelchair ministry projects, area ministries, endowments where it is stipulated by donors that the principal remain in perpetuity and only the income is available for net assets without donor restriction when appropriated for expenditure, or unappropriated endowment income.

REVENUE RECOGNITION

Contributions

Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred to the ministry. JAF records contributions as being with donor restrictions if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from net assets with donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. JAF receives non-cash gifts which are recorded as support at the estimated fair value on the date of the gift.

Program revenue

Program revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program and supporting activities (Note 13).

ALLOCATION OF JOINT COSTS

All costs that contain any fundraising appeal are required to be allocated to fundraising unless all of the following three tests are met: purpose, audience, and content. Since all three tests were not met, all costs that contain a fundraising appeal have been allocated to fundraising for the years ended December 31, 2022 and 2021.

USE OF ESTIMATES

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842 of the Accounting Standards Codification (ASC)). The amendments in this update require organizations that lease assets to recognize on the consolidated statement of financial position the assets and liabilities for the rights and obligations created by the leases. A lessee is required to recognize assets and liabilities for leases with terms of more than 12 months. The amendments are effective for fiscal years beginning after December 15, 2021. JAF adopted this update for the year ended December 31, 2022. Some of JAF's contracts contain the right to control the use of property or assets and are therefore considered leases. JAF elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements* and recorded the impact of adoption as of January 1, 2022, without restating any prior-year amounts. JAF also elected to bifurcate the lease and nonlease components. The additional lease disclosures can be found in Notes 7 and 8. The effect of the adjustment to the opening balance of net assets totaled \$58,101. As it was deemed immaterial, the net asset difference was adjusted through miscellaneous expense on the consolidated statements of activities. This amount is reported as a non-cash effect of change in accounting principle on the consolidated statements of cash flows.

During the year ended December 31, 2022, JAF adopted Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958 of the FASB Accounting Standards Codification). ASU 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

3. LIQUIDITY:

The following reflects the Organization's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position.

	December 31,	
	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 14,936,797	\$ 23,953,393
Cash reserved for area ministries	250,000	250,000
Cash reserved for endowment	175,000	170,000
Endowment investments	14,746,119	4,662,854
Financial Assets, at year-end	<u>30,107,916</u>	<u>29,036,247</u>
Less those not available for general expenditure within one year:		
Cash reserved for area ministries	(250,000)	(250,000)
Cash reserved for endowment	(175,000)	(170,000)
Investments not available for expenditure	(1,069,909)	(1,069,908)
Board designated investments for endowment funds	(3,471,919)	(3,587,593)
Donor restricted net assets	<u>(2,422,974)</u>	<u>(1,746,407)</u>
Financial assets not available for general expenditure within one year	<u>(7,389,802)</u>	<u>(6,823,908)</u>
Financial assets available for general expenditure within one year	<u>\$ 22,718,114</u>	<u>\$ 22,212,339</u>

JAF has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2022 and 2021, because the restrictions are expected to be met by conducting the normal activities of JAF in the coming year. Net assets designated by the board for programs could become available with board approval for general expenditure within one year, as they have been approved to be used for that purpose during the year ending December 31, 2022.

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

4. INVESTMENTS:

Investments consist of:

	December 31,	
	2022	2021
Limited partnership interests	\$ 13,910,000	\$ 7,178,668
Fixed income exchange traded funds	10,401,894	647,026
Investment in real property	1,978,575	1,934,095
Investment in royalty stream (oil and gas)	1,159,598	1,201,793
Annuities	843,348	875,239
Cash and money markets	362,704	4,701
	<u>\$ 28,656,119</u>	<u>\$ 11,841,522</u>

In February 2021, JAFF received a bequest of minority interests in three limited partnerships that hold real estate properties. Based on independent appraisals the partnership interests were initially valued at \$10,709,000. During the year ended December 31, 2021, the partnerships distributed a total of approximately \$3,264,000 to JAFF as a return of capital. This return of capital was recorded as a reduction in the carrying amount of the investments. Additionally, based on independent appraisals as of December 31, 2021, JAFF recorded a write-down of the investments of \$265,979. As of December 31, 2022, JAFF obtained an updated independent appraisal, and adjusted the fair value at December 31, 2022.

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

5. FAIR VALUE MEASUREMENTS:

JAF uses appropriate valuation techniques to determine fair value based on inputs available. Level 1 investments are determined by observable inputs that reflect quoted market prices in active markets. Level 2 inputs are based on (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 3 investments are based on unobservable inputs and are only used when Level 1 or Level 2 inputs are not available.

Fair values of assets measured on a recurring basis on December 31, 2022 are as follows:

	Total	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)
Investments:				
Fixed income				
exchange traded funds	\$ 10,401,894	\$ 10,401,894	\$ -	\$ -
Annuities	843,348	-	843,348	-
Investment in royalty stream (oil and gas)	1,159,598	-	-	1,159,598
Real property	1,978,575	-	-	1,978,575
Limited partnership interests	13,910,000	-	-	13,910,000
Investments at fair value	28,293,415	\$ 10,401,894	\$ 843,348	\$ 17,048,173
Investments at other than fair value:				
Cash and money markets	362,704			
Total investments	\$ 28,656,119			

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

5. FAIR VALUE MEASUREMENTS, continued:

Fair values of assets measured on a recurring basis on December 31, 2021, are as follows:

	Total	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)
Investments:				
Fixed income				
exchange traded funds	\$ 647,026	\$ 647,026	\$ -	\$ -
Annuities	875,239	-	875,239	-
Investment in royalty stream (oil and gas)	1,201,793	-	-	1,201,793
Real property	1,934,095	-	-	1,934,095
Limited partnership interest	7,178,668	-	-	7,178,668
Investments at fair value	11,836,821	\$ 647,026	\$ 875,239	\$ 10,314,556
Investments at other than fair value:				
Cash and money markets	4,701			
Total investments	\$ 11,841,522			

The fair value for mutual funds and exchange traded funds is determined by reference to quoted prices for investments in public equity markets in the United States.

The fair value of annuities is determined by an index crediting strategy that credits interest annually based on the percentage change of the S&P 500. The index credit percentage is guaranteed to never exceed an annual cap declared annually and will never be less than zero. The minimum guaranteed rate is 1% and the maximum rate is 3.4%.

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

5. FAIR VALUE MEASUREMENTS, continued:

The following table sets forth a reconciliation of beginning and ending balances for financial instruments designated as Level 3:

	Investment in Royalty Stream	Real Property	Limited Partnership Interests	Total
Balance, December 31, 2020	\$ 1,163,278	\$ 1,859,660	\$ -	\$ 3,022,938
Gift-in-kind contributions	-	-	\$ 10,709,000	\$ 10,709,000
Cash received from return of capital	-	-	(3,264,353)	(3,264,353)
Investment return:				
Net gains (realized and unrealized)	38,515	74,435	(265,979)	(153,029)
Balance, December 31, 2021	<u>1,201,793</u>	<u>1,934,095</u>	<u>7,178,668</u>	<u>10,314,556</u>
Net gains (losses) (realized and unrealized)	<u>(42,195)</u>	<u>44,480</u>	<u>6,731,332</u>	<u>6,733,617</u>
Balance, December 31, 2022	<u>\$ 1,159,598</u>	<u>\$ 1,978,575</u>	<u>\$ 13,910,000</u>	<u>\$ 17,048,173</u>

6. LAND, BUILDING, AND EQUIPMENT:

Land, building, and equipment consist of:

	December 31,	
	2022	2021
Land	\$ 4,224,000	\$ 4,224,000
Building and improvements	21,662,749	21,648,730
Furniture and equipment	911,825	833,533
	<u>26,798,574</u>	<u>26,706,263</u>
Less accumulated depreciation	<u>(5,784,969)</u>	<u>(5,102,395)</u>
	<u>\$ 21,013,605</u>	<u>\$ 21,603,868</u>

7. OPERATING LEASES—RIGHT OF USE ASSETS AND OBLIGATIONS:

JAF leases office space and equipment under noncancelable operating leases expiring at various times through 2027. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. The leases require monthly payments ranging from \$350 to \$4,052. Discount rates on these leases range from 0.40% to 2.66%. Total expense incurred under the operating lease for the year ended December 31, 2022 was \$432,981.

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

7. OPERATING LEASES—RIGHT OF USE ASSETS AND OBLIGATIONS, continued:

	<u>December 31, 2022</u>
Operating lease right-of-use assets	\$ 649,696
Operating lease liabilities	\$ 649,620
Operating lease costs	\$ 432,981
Weighted-average discount rate	1.15%
Weighted-average remaining lease term	2.49

Future minimum lease payments required under the operating lease that has an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 353,065
2024	192,022
2025	48,129
2026	33,100
2027	1,018
Thereafter	<u>30,097</u>
	657,431
Less imputed interest	<u>(7,811)</u>
	<u>\$ 649,620</u>

8. FINANCING LEASES—RIGHT OF USE ASSET AND OBLIGATION:

JAF leases equipment under several noncancelable financing leases expiring at various dates through 2027. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. Monthly payments on the leases range from \$126 to \$3,305. Discount rates on these leases range from 0.40% to 2.66%.

	<u>December 31, 2022</u>
Financing lease right-of-use asset	\$ 138,526
Financing lease liability	\$ 109,553
Financing lease costs:	
Amortization of right-of-use assets	\$ 33,410
Interest on lease liabilities	\$ 2,521
Weighted-average discount rate	1.96%
Weighted-average remaining lease term	3.64

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

8. FINANCING LEASES—RIGHT OF USE ASSET AND OBLIGATION, continued:

Future minimum lease payments required under the finance leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending December 31,</u>		
2023	\$	39,921
2024		22,422
2025		20,810
2026		20,558
2027		10,632
		114,343
Less imputed interest		(4,790)
	\$	109,553

9. LONG-TERM DEBT:

Long-term debt consists of:

	<u>December 31,</u>	
	2022	2021
Unsecured note payable to a trust, one trustee of which is a director of JAF, bearing interest at a rate of 3% annually. Principal amounts and all accrued interest to be paid in full on maturity date of July 31, 2029.	\$ 1,000,000	\$ 1,000,000

The future minimum payments are:

<u>Year Ending December 31,</u>		
2023	\$	-
2024		-
2025		-
2026		-
2027		-
Thereafter		1,000,000
	\$	1,000,000

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

10. NET ASSETS:

Net assets without donor restrictions consists of:

	December 31,	
	2022	2021
Undesignated	\$ 59,978,704	\$ 48,405,747
Board designated investments for endowment fund	3,471,919	3,587,593
	<u>\$ 63,450,623</u>	<u>\$ 51,993,340</u>

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

	December 31,	
	2022	2021
Wheels for the World	\$ 1,852,861	\$ 5,903,827
Donor restricted funds held in perpetuity	1,244,908	1,239,908
Ukraine relief	727,467	-
Gifts restricted for Joni's House	250,599	250,599
Area ministries	200,000	250,000
Time & Other	-	5,900
	<u>\$ 4,275,835</u>	<u>\$ 7,650,234</u>

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

11. ENDOWMENTS:

In August 2008, the Financial Accounting Standards Board (FASB) issued a FASB Staff Position (now included in the FASB Accounting Standards Codification in sub-topic 958-205), *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. In the Staff Position, FASB provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Also required are additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The State of California enacted UPMIFA effective January 1, 2009, the provisions of which apply to endowment funds existing on or established after that date.

JAF has adopted the net asset classification provisions for the years ending December 31, 2022 and 2021. The board has determined that certain of JAF's net assets with donor restrictions meet the definition of endowment funds under UPMIFA.

JAF's endowment includes both donor-restricted endowment funds established to fund ministry operations and funds designated by the board to function as endowments. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of JAF has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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, JAF classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

11. ENDOWMENTS, continued:

In accordance with SPMIFA, JAF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of JAF and the specific donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of JAF
- The investment policies of JAF

The following table presents the endowment composition and net asset classifications as of December 31, 2022.

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment	\$ -	\$ 1,244,908	\$ 1,244,908
Board designated endowment	3,471,919	-	3,471,919
	<u>\$ 3,471,919</u>	<u>\$ 1,244,908</u>	<u>\$ 4,716,827</u>

Endowment composition and net asset classifications as of December 31, 2021.

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment	\$ -	\$ 1,239,908	\$ 1,239,908
Board designated endowment	3,587,593	-	3,587,593
	<u>\$ 3,587,593</u>	<u>\$ 1,239,908</u>	<u>\$ 4,827,501</u>

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

11. ENDOWMENTS, continued:

Changes in Endowment Net Assets for the Fiscal Year December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,587,593	\$ 1,239,908	\$ 4,827,501
Investment return:			
Investment income	14,249	-	14,249
Net gains (losses) (realized and unrealized)	(129,922)	-	(129,922)
	(115,673)	-	(115,673)
Contributions	-	5,000	5,000
Endowment net assets, end of year	\$ 3,471,920	\$ 1,244,908	\$ 4,716,828

Changes in Endowment Net Assets for the Fiscal Year December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,654,802	\$ 3,004,370	\$ 4,659,172
Investment return:			
Investment income	49,700	6,841	56,541
Net gains (realized and unrealized)	111,662	(142)	111,520
	161,362	6,699	168,061
Contributions	-	25,000	25,000
Release of designation Board-designated endowment expenditures	1,796,161 (24,732)	(1,796,161) -	- (24,732)
Endowment net assets, end of year	\$ 3,587,593	\$ 1,239,908	\$ 4,827,501

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

11 ENDOWMENTS, continued:

RETURN OBJECTIVES AND RISK PARAMETERS

The Foundation Investment Policy Statement provides that no spending apart from donor requirements will occur until the total value of the endowment reaches \$10,000,000 and that the spending rate will be no more than 3% of the investments' three-year weighted average of income plus appreciation. Expending any portion of the "initial contribution" to the Endowment will require a Board of Directors recommendation and a majority vote by the Foundation Board of Directors. The Foundation's investment policies for donor-restricted endowment assets attempt to provide funding for long-term needs. Under these policies, the endowment assets are invested in a manner consistent with Christian principles and values, and consistent with the convictions of JAF. The primary goal is cash preservation, and the secondary goal is to achieve intermediate and long-term investment goals. The board's strategy is to minimize risk in the financial performance of the endowment fund.

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires JAF to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2022 and 2021.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, JAF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). JAF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

12. CONTRIBUTED AIRTIME, WHEELCHAIRS, SERVICES, AND MATERIALS:

The consolidated financial statements give monetary recognition to contributions of radio time received from various radio stations across the country. As of December 31, 2022 and 2021, contributed airtime is valued at \$15 for each one-minute program, \$35 for each four-minute program, and \$5 for each Spanish program based on the monthly release counts using an average of twenty-two days per month.

The consolidated financial statements also include the value of used wheelchairs donated to JAF to be restored and provided as needed to people and organizations in other countries. During the years ended December 31, 2022 and 2021, wheelchair values were assigned based on the type and condition of each wheelchair.

Contributed services consist of the value of the labor involved in refurbishing the wheelchairs. The contributed materials included in the consolidated financial statements consist of equipment and supplies donated to JAF.

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

12. CONTRIBUTED AIRTIME, WHEELCHAIRS, SERVICES, AND MATERIALS, continued:

The value of contributed airtime, wheelchairs, services, and materials is:

	Year Ended December 31,	
	2022	2021
Contributed radio airtime	\$ 10,155,640	\$ 10,016,490
Contributed wheelchairs	4,588,238	3,970,677
Contributed services	3,030,305	3,329,068
Contributed materials	89,127	69,966
	\$ 17,863,310	\$ 17,386,201

The above airtime, wheelchairs, service, and materials expenses are included in Gifts-in-kind expense on the supplemental consolidated statements of activities. Gift-in-kind expenses also include an immaterial amount of donated items not included above. The revenue is shown as contributed airtime, wheelchairs, services, and materials on the consolidated statements of activities.

13. FUNCTIONAL ALLOCATION OF EXPENSES:

The information below presents expenses by both their nature and their function:

	Year Ended December 31, 2022			
	Program Services	General and Administrative	Fundraising	Total
Gifts-in-kind	\$ 18,064,970	\$ -	\$ -	\$ 18,064,970
Personnel costs	13,589,286	1,740,066	2,088,088	17,417,440
Office, insurance	1,976,965	1,230,653	887,759	4,095,377
Family retreat facility	3,542,197	-	-	3,542,197
Travel	2,440,962	22,374	44,749	2,508,085
Grant expense	1,745,977	-	-	1,745,977
Other	1,223,953	38,312	329,558	1,591,823
Printing and production	217,768	15,349	881,915	1,115,032
Postage and freight	664,330	29,257	230,839	924,426
Depreciation & amortization	485,062	114,705	150,551	750,318
Professional and bank	-	585,741	-	585,741
Consultants	326,411	134,576	50,217	511,204
Rent	480,154	920	-	481,074
Events and conferences	110,122	36,504	23,077	169,703
Licenses, assessments	-	26,317	-	26,317
	\$ 44,868,157	\$ 3,974,774	\$ 4,686,753	\$ 53,529,684

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

13. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

The information below presents expenses by both their nature and their function:

	Year Ended December 31, 2021			
	Program	Administrative	Fundraising	Total
Gifts-in-kind	\$ 17,571,389	\$ -	\$ -	\$ 17,571,389
Personnel costs	9,295,590	1,549,265	2,065,687	12,910,542
Office, insurance	1,396,870	906,581	529,385	2,832,836
Family retreat facility	2,593,312	-	-	2,593,312
Travel	647,860	6,691	31,949	686,500
Grant expense	844,667	-	-	844,667
Other	1,153,186	6,456	38,789	1,198,431
Printing and production	273,516	50,772	748,456	1,072,744
Postage and freight	579,299	126,901	127,114	833,314
Depreciation & amortization	582,761	131,047	35,156	748,964
Professional and bank	-	497,157	-	497,157
Consultants	134,556	20,264	26,911	181,731
Rent	462,396	-	-	462,396
Events and conferences	31,562	11,741	5,875	49,178
Licenses, assessments	-	30,021	-	30,021
	<u>\$ 35,566,964</u>	<u>\$ 3,336,896</u>	<u>\$ 3,609,322</u>	<u>\$ 42,513,182</u>

METHODS USED FOR ALLOCATION OF EXPENSE:

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or one supporting function, therefore these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, rent, and office and insurance, which are allocated on a square footage basis, as well as personnel costs, travel, events and conferences, and postage and printing, which are allocated on the basis of estimates of time and department. There are no joint costs that have been allocated among program, general and administrative, and fundraising.

14. RETIREMENT PLAN:

JAF has a 403(b) Employee Savings Plan, covering substantially all employees over 18 years of age effective upon employment. After three years of employment, employees receive up to a maximum 5% salary increase, which can be used as additional compensation or as a contribution to their 403(b) Employee Savings Plan account. For the years ended December 31, 2022 and 2021, JAF made contributions in the amount of approximately \$0 and \$296,000, respectively. The 403(b) Employee Savings Plan was terminated on December 31, 2021 and was replaced with a 401(k) retirement plan starting on January 1, 2022. The plan covers substantially all employees, and contributes a safe harbor matching contribution equal to 100% of employee deferrals up to 4% of employee salary. During the year ended December 31, 2022, JAF made contributions of approximately \$273,000 to the plan.

JONI AND FRIENDS

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

15. LEASES:

Prior to the adoption of ASUs 2016-02 and 2018-11 under Topic 842 as described in Note 2, JAF was applying Topic 840 in relation to operating leases, which required that operating lease costs be expensed. During the year ended December 31, 2021, JAF had operating lease expenses of approximately \$601,000.

16. RELATED PARTY TRANSACTIONS:

The Foundation has an investment account with a brokerage firm whose President and Chief Compliance Officer is a board member of JAF. For the years ended December 31, 2022 and 2021, commissions paid to the brokerage firm were \$73,782 and \$6,177, respectively.

During the year ended December 31, 2019, JAF acquired certain intellectual property, including literary works, art works, and other intellectual property, from the Organization's founder. JAF paid \$0 and \$200,000, during the years ended December 31, 2022 and 2021, respectively to pay off the commitment.

During the years ended December 31, 2022 and 2021, the board of directors, as a group, contributed approximately \$1,075,000 and \$1,425,000, to JAF, respectively.

JAFF holds an unsecured note payable to a trust, one trustee of which is a director of JAF, bearing interest at a rate of 3% annually. See Note 9.

17. SUBSEQUENT EVENTS:

Subsequent events were evaluated through May 22, 2023, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY DATA

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY DATA**

Board of Directors
Joni and Friends
Agoura Hills, California

We have audited the consolidated financial statements of Joni and Friends as of and for the years ended December 31, 2022 and 2021, and our report thereon dated May 22, 2023, which expresses 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 statements of financial position and activities are presented for purposes of additional analysis, rather than to present the financial position and results of operations of the individual ministries of Joni and Friends, and are 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 information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Woodland Hills, California
May 22, 2023

JONI AND FRIENDS

Consolidating Statement of Financial Position

December 31, 2022

	Joni and Friends	Joni and Friends Foundation	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 11,945,106	\$ 2,991,691	\$ -	\$ 14,936,797
Prepaid expenses and other assets	1,396,212	-	-	1,396,212
Inventory–wheelchairs	3,995,899	-	-	3,995,899
Inventory–books and materials	363,912	-	-	363,912
	<u>17,701,129</u>	<u>2,991,691</u>	<u>-</u>	<u>20,692,820</u>
Non-current assets:				
Cash reserved for area ministries	250,000	-	-	250,000
Cash reserved for endowment	-	175,000	-	175,000
Endowment investments	-	14,746,119	-	14,746,119
Limited partnership interests	-	13,910,000	-	13,910,000
Intellectual property, net of amortization	374,610	-	-	374,610
Land, building, and equipment– at cost, net	21,013,605	-	-	21,013,605
Operating leases–right of use assets	649,696	-	-	649,696
Financing leases–right of use assets	138,526	-	-	138,526
	<u>40,127,566</u>	<u>31,822,810</u>	<u>-</u>	<u>71,950,376</u>
Total Assets	<u>\$ 40,127,566</u>	<u>\$ 31,822,810</u>	<u>\$ -</u>	<u>\$ 71,950,376</u>
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	\$ 657,874	\$ -	\$ -	\$ 657,874
Accrued expenses	1,703,556	103,315	-	1,806,871
Long-term debt - current portion	-	-	-	-
Operating lease obligations - current portion	353,065	-	-	353,065
Financing lease obligations - current portion	39,921	-	-	39,921
	<u>2,754,416</u>	<u>103,315</u>	<u>-</u>	<u>2,857,731</u>
Long-term debt - net of current portion	-	1,000,000	-	1,000,000
Operating lease obligations, net	296,555	-	-	296,555
Financing lease obligations, net	69,632	-	-	69,632
Total liabilities	<u>3,120,603</u>	<u>1,103,315</u>	<u>-</u>	<u>4,223,918</u>
Net assets without donor restrictions	34,226,635	29,223,988	-	63,450,623
Net assets with donor restrictions	2,780,328	1,495,507	-	4,275,835
Total net assets	<u>37,006,963</u>	<u>30,719,495</u>	<u>-</u>	<u>67,726,458</u>
Total Liabilities and Net Assets	<u>\$ 40,127,566</u>	<u>\$ 31,822,810</u>	<u>\$ -</u>	<u>\$ 71,950,376</u>

JONI AND FRIENDS

Consolidating Statement of Financial Position

December 31, 2021

	Joni and Friends	Joni and Friends Foundation	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 19,365,237	\$ 4,588,156	\$ -	\$ 23,953,393
Prepaid expenses and other assets	628,271	-	(24,732)	603,539
Inventory–wheelchairs	3,910,515	-	-	3,910,515
Inventory–books and materials	197,309	-	-	197,309
	<u>24,101,332</u>	<u>4,588,156</u>	<u>(24,732)</u>	<u>28,664,756</u>
Non-current assets:				
Cash reserved for area ministries	250,000	-	-	250,000
Cash reserved for endowment	-	170,000	-	170,000
Endowment investments	-	4,662,854	-	4,662,854
Limited partnership interests	-	7,178,668	-	7,178,668
Intellectual property, net of amortization	408,944	-	-	408,944
Land, building, and equipment –at cost, net	21,603,868	-	-	21,603,868
	<u>21,603,868</u>	<u>-</u>	<u>-</u>	<u>21,603,868</u>
Total Assets	<u><u>\$ 46,364,144</u></u>	<u><u>\$ 16,599,678</u></u>	<u><u>\$ (24,732)</u></u>	<u><u>\$ 62,939,090</u></u>
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	\$ 847,835	\$ -	\$ -	\$ 847,835
Accrued expenses	1,374,366	98,047	(24,732)	1,447,681
Long-term debt - current portion	-	-	-	-
	<u>2,222,201</u>	<u>98,047</u>	<u>(24,732)</u>	<u>2,295,516</u>
Long-term debt - net of current portion	-	1,000,000	-	1,000,000
Total liabilities	<u>2,222,201</u>	<u>1,098,047</u>	<u>(24,732)</u>	<u>3,295,516</u>
Net assets:				
Net assets without donor restrictions	37,982,215	14,011,125	-	51,993,340
Net assets with donor restrictions	6,159,728	1,490,506	-	7,650,234
Total net assets	<u>44,141,943</u>	<u>15,501,631</u>	<u>-</u>	<u>59,643,574</u>
Total Liabilities and Net Assets	<u><u>\$ 46,364,144</u></u>	<u><u>\$ 16,599,678</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 62,939,090</u></u>

JONI AND FRIENDS

Consolidating Statement of Activities

Year Ended December 31, 2022

	<u>Joni and Friends</u>	<u>Joni and Friends Foundation</u>	<u>Eliminations</u>	<u>Total</u>
SUPPORT AND REVENUE:				
Contributions	\$ 31,752,535	\$ 8,005,000	\$ (8,000,000)	\$ 31,757,535
Sales of books and materials	610,617	-	-	610,617
Tuition and registration	3,470,281	-	-	3,470,281
Donated stock	270,671	-	-	270,671
Oil royalty income	-	613,775	-	613,775
Royalty partnership income (oil and gas)	-	437,868	-	437,868
Limited partnership income	-	408,229	-	408,229
Investment and other income	365,275	110,607	-	475,882
Gain on extinguishment of debt	-	-	-	-
Realized gain on investments	-	257,355	-	257,355
Unrealized gain on investments	-	(1,284,287)	-	(1,284,287)
Unrealized loss on limited partnership interests	-	6,731,332	-	6,731,332
Gift-in-kind limited partnership interests	-	-	-	-
Contributed airtime, wheelchairs, services and materials	17,863,310	-	-	17,863,310
Total Support and Revenue	<u>54,332,689</u>	<u>15,279,879</u>	<u>(8,000,000)</u>	<u>61,612,568</u>
EXPENSES:				
Gifts-in-kind	18,064,970	-	-	18,064,970
Personnel costs	17,417,440	-	-	17,417,440
Office, insurance	4,065,377	30,000	-	4,095,377
Family retreat facility	3,542,197	-	-	3,542,197
Other	1,591,823	-	-	1,591,823
Printing and production	1,115,032	-	-	1,115,032
Grant expense	9,745,977	-	(8,000,000)	1,745,977
Postage and freight	924,426	-	-	924,426
Depreciation & amortization	750,318	-	-	750,318
Travel	2,508,085	-	-	2,508,085
Professional and bank	557,757	27,984	-	585,741
Rent	481,074	-	-	481,074
Consultants	507,173	4,031	-	511,204
Events and conferences	169,703	-	-	169,703
Licenses, assessments	26,317	-	-	26,317
Total Expenses	<u>61,467,669</u>	<u>62,015</u>	<u>(8,000,000)</u>	<u>53,529,684</u>
Change in Net Assets	(7,134,980)	15,217,864	-	8,082,884
Net Assets, Beginning of Year	<u>44,141,943</u>	<u>15,501,631</u>	<u>-</u>	<u>59,643,574</u>
Net Assets, End of Year	<u>\$ 37,006,963</u>	<u>\$ 30,719,495</u>	<u>\$ -</u>	<u>\$ 67,726,458</u>

JONI AND FRIENDS

Consolidating Statement of Activities

Year Ended December 31, 2021

	<u>Joni and Friends</u>	<u>Joni and Friends Foundation</u>	<u>Eliminations</u>	<u>Total</u>
SUPPORT AND REVENUE:				
Contributions	\$ 29,175,562	\$ 109,608	\$ (502,712)	\$ 28,782,458
Sales of books and materials	544,538	-	-	544,538
Tuition and registration	2,285,997	-	-	2,285,997
Donated stock	533,948	401,807	-	935,755
Oil royalty income	-	438,992	-	438,992
Royalty partnership income (oil and gas)	-	200,354	-	200,354
Limited partnership income	-	497,489	-	497,489
Investment income	628,496	51,552	-	680,048
Gain on extinguishment of debt	2,295,257	-	-	2,295,257
Realized gain on investments	-	43,850	-	43,850
Unrealized gain on investments	-	67,676	-	67,676
Unrealized loss on limited partnership interests	-	(265,979)	-	(265,979)
Gif-in-kind limited partnership interests	-	10,709,000	-	10,709,000
Contributed airtime, wheelchairs, services and materials	17,386,201	-	-	17,386,201
Total Support and Revenue	<u>52,849,999</u>	<u>12,254,349</u>	<u>(502,712)</u>	<u>64,601,636</u>
EXPENSES:				
Gifts-in-kind	17,571,389	-	-	17,571,389
Personnel costs	12,910,542	-	-	12,910,542
Office, insurance	2,802,836	30,000	-	2,832,836
Family retreat facility	2,593,312	-	-	2,593,312
Other	1,198,431	-	-	1,198,431
Printing and production	1,072,744	-	-	1,072,744
Grant expense	844,667	502,712	(502,712)	844,667
Postage and freight	833,314	-	-	833,314
Depreciation & amortization	748,964	-	-	748,964
Travel	686,500	-	-	686,500
Professional and bank	472,199	24,958	-	497,157
Rent	462,396	-	-	462,396
Consultants	179,408	2,323	-	181,731
Events and conferences	49,178	-	-	49,178
Licenses, assessments	30,021	-	-	30,021
Total Expenses	<u>42,455,901</u>	<u>559,993</u>	<u>(502,712)</u>	<u>42,513,182</u>
Change in Net Assets	<u>10,394,098</u>	<u>11,694,356</u>	<u>-</u>	<u>22,088,454</u>
Net Assets, Beginning of Year	<u>33,747,845</u>	<u>3,807,275</u>	<u>-</u>	<u>37,555,120</u>
Net Assets, End of Year	<u>\$ 44,141,943</u>	<u>\$ 15,501,631</u>	<u>\$ -</u>	<u>\$ 59,643,574</u>