

CROWN FINANCIAL MINISTRIES, INC.

FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2025 AND 2024

with
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of
Crown Financial Ministries, Inc.**

Opinion

We have audited the accompanying financial statements of Crown Financial Ministries, Inc. ("Crown"), which comprise the statements of financial position as of March 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years 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 Crown as of March 31, 2025 and 2024, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crown 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; this includes 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 Crown's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

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

Smith + Howard

Atlanta, GA
June 27, 2025

CROWN FINANCIAL MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2025 AND 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 755,939	\$ 914,465
Investments, including restricted investments of \$726,426 and \$662,917 at March 31, 2025 and 2024, respectively	5,753,846	5,328,693
Contracts receivable	134,466	194,321
Inventories, net	39,825	31,845
Prepaid expenses and other assets	276,965	140,673
Product development costs, net	18,468	36,936
Property and equipment, net	22,825	33,243
Right-of-use asset - operating lease	178,586	235,113
Intangible assets - licensing agreement, net	<u>865,023</u>	<u>908,570</u>
	<u>\$ 8,045,943</u>	<u>\$ 7,823,859</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 113,042	\$ 110,358
Accrued expenses	476,673	383,102
Contract liabilities - unearned income	516,111	500,531
Licensing agreement liability	807,809	820,671
Operating lease liability	<u>183,978</u>	<u>239,226</u>
Total Liabilities	2,097,613	2,053,888
Net Assets		
Without donor restrictions	5,343,422	5,342,545
With donor restrictions	<u>604,908</u>	<u>427,426</u>
Total Net Assets	<u>5,948,330</u>	<u>5,769,971</u>
	<u>\$ 8,045,943</u>	<u>\$ 7,823,859</u>

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

CROWN FINANCIAL MINISTRIES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2025 AND 2024

	2025			2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenue</u>						
Public support:						
Contributions	\$ 3,581,716	\$ 786,420	\$ 4,368,136	\$ 3,977,256	\$ 417,716	\$ 4,394,972
Contributed radio and TV airtime	13,011,296	-	13,011,296	12,722,018	-	12,722,018
Contributed services	11,453	-	11,453	22,005	-	22,005
Contributed securities and materials	118,144	-	118,144	36,538	-	36,538
	<u>16,722,609</u>	<u>786,420</u>	<u>17,509,029</u>	<u>16,757,817</u>	<u>417,716</u>	<u>17,175,533</u>
Revenue:						
Product sales, net	729,483	-	729,483	667,254	-	667,254
Event fees	452,759	-	452,759	532,734	-	532,734
Ancillary	256,576	-	256,576	249,103	-	249,103
Investment income, net	302,129	-	302,129	408,316	-	408,316
	<u>1,740,947</u>	<u>-</u>	<u>1,740,947</u>	<u>1,857,407</u>	<u>-</u>	<u>1,857,407</u>
 Total Support and Revenue	<u>18,463,556</u>	<u>786,420</u>	<u>19,249,976</u>	<u>18,615,224</u>	<u>417,716</u>	<u>19,032,940</u>
 Net assets released from restriction by satisfaction of purpose restriction	<u>608,938</u>	<u>(608,938)</u>	<u>-</u>	<u>544,841</u>	<u>(544,841)</u>	<u>-</u>
	<u>608,938</u>	<u>(608,938)</u>	<u>-</u>	<u>544,841</u>	<u>(544,841)</u>	<u>-</u>
 <u>Expenses</u>						
Program services:						
Christian economic forum	901,731	-	901,731	1,024,617	-	1,024,617
Crown solutions	15,748,572	-	15,748,572	15,212,714	-	15,212,714
Crown solutions Spanish	222,129	-	222,129	209,373	-	209,373
	<u>16,872,432</u>	<u>-</u>	<u>16,872,432</u>	<u>16,446,704</u>	<u>-</u>	<u>16,446,704</u>
Supporting activities:						
General and administrative	1,760,070	-	1,760,070	1,672,346	-	1,672,346
Fundraising	318,075	-	318,075	535,107	-	535,107
	<u>2,078,145</u>	<u>-</u>	<u>2,078,145</u>	<u>2,207,453</u>	<u>-</u>	<u>2,207,453</u>
 Total Expenses	<u>18,950,577</u>	<u>-</u>	<u>18,950,577</u>	<u>18,654,157</u>	<u>-</u>	<u>18,654,157</u>
 Adjustment to license agreement liability	<u>121,040</u>	<u>-</u>	<u>121,040</u>	<u>119,575</u>	<u>-</u>	<u>119,575</u>
 Change in net assets	877	177,482	178,359	386,333	(127,125)	259,208
 Net Assets, Beginning of Year	<u>5,342,545</u>	<u>427,426</u>	<u>5,769,971</u>	<u>4,956,212</u>	<u>554,551</u>	<u>5,510,763</u>
 Net Assets, End of Year	<u>\$ 5,343,422</u>	<u>\$ 604,908</u>	<u>\$ 5,948,330</u>	<u>\$ 5,342,545</u>	<u>\$ 427,426</u>	<u>\$ 5,769,971</u>

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

CROWN FINANCIAL MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2025

	Program Services				Supporting Activities			Total Expenses
	Christian Economic Forum	Crown Solutions	Crown Solutions Spanish	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Contributed ratio and TV airtime	\$ -	\$ 13,011,296	\$ -	\$ 13,011,296	\$ -	\$ -	\$ -	\$ 13,011,296
Conferences, conventions, and meetings	475,793	55,443	2,770	534,006	4,598	-	4,598	538,604
Cost of goods sold	673	253,072	5,682	259,427	-	-	-	259,427
Depreciation and amortization	3,313	66,071	4,148	73,532	7,129	-	7,129	80,661
Donor	-	-	-	-	8,846	15,806	24,652	24,652
General insurance	30,945	134,800	10,776	176,521	119,185	7,528	126,713	303,234
Grants	-	619,039	13,050	632,089	-	-	-	632,089
Information technology	6,207	36,231	241	42,679	112,599	55,104	167,703	210,382
Other expenses	571	3,834	52	4,457	146,062	778	146,840	151,297
Outside and professional services	89,730	258,619	54,920	403,269	305,305	3,719	309,024	712,293
Payroll taxes	16,560	72,137	5,767	94,464	63,781	4,028	67,809	162,273
Postage and shipping	-	828	-	828	3,320	-	3,320	4,148
Printing and publications	-	-	-	-	2,722	170,754	173,476	173,476
Salaries and wages	237,701	1,035,457	82,776	1,355,934	915,516	57,824	973,340	2,329,274
Supplies	-	-	479	479	3,934	323	4,257	4,736
Taxes and licenses	-	-	-	-	17,861	-	17,861	17,861
Travel	31,152	162,165	38,304	231,621	14,216	-	14,216	245,837
Utilities and occupancy	9,086	39,580	3,164	51,830	34,996	2,211	37,207	89,037
Totals	<u>\$ 901,731</u>	<u>\$ 15,748,572</u>	<u>\$ 222,129</u>	<u>\$ 16,872,432</u>	<u>\$ 1,760,070</u>	<u>\$ 318,075</u>	<u>\$ 2,078,145</u>	<u>\$ 18,950,577</u>

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

CROWN FINANCIAL MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2024

	Program Services				Supporting Activities			
	<u>Christian Economic Forum</u>	<u>Crown Solutions</u>	<u>Crown Solutions Spanish</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Activities</u>	<u>Total Expenses</u>
Advertising and promotions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,824	\$ 129,824	\$ 129,824
Contributed ratio and TV airtime	-	12,722,018	-	12,722,018	-	-	-	12,722,018
Conferences, conventions, and meetings	593,669	113,456	5,971	713,096	7,175	493	7,668	720,764
Cost of goods sold	-	292,748	1,146	293,894	-	-	-	293,894
Depreciation and amortization	3,342	64,275	3,911	71,528	6,683	-	6,683	78,211
Donor	-	-	-	-	-	23,939	23,939	23,939
General insurance	20,853	94,476	7,787	123,116	142,987	4,927	147,914	271,030
Grants	-	394,261	11,000	405,261	-	-	-	405,261
Information technology	11,823	55,938	2,069	69,830	77,062	72,003	149,065	218,895
Other expenses	3,761	2,275	250	6,286	166,752	3,533	170,285	176,571
Outside and professional services	138,092	334,512	72,303	544,907	257,090	21,586	278,676	823,583
Payroll taxes	14,941	67,692	5,579	88,212	62,302	3,530	65,832	154,044
Postage and shipping	-	-	-	-	13,722	-	13,722	13,722
Printing and publications	-	-	-	-	-	172,986	172,986	172,986
Professional fund raising fees	-	-	-	-	-	28,096	28,096	28,096
Salaries and wages	208,642	945,268	77,910	1,231,820	870,000	49,299	919,299	2,151,119
Supplies	218	1,640	1,955	3,813	2,259	-	2,259	6,072
Taxes and licenses	-	-	-	-	160	15,691	15,851	15,851
Travel	18,157	73,780	15,340	107,277	19,790	6,573	26,363	133,640
Utilities and occupancy	11,119	50,375	4,152	65,646	46,364	2,627	48,991	114,637
Totals	<u>\$ 1,024,617</u>	<u>\$ 15,212,714</u>	<u>\$ 209,373</u>	<u>\$ 16,446,704</u>	<u>\$ 1,672,346</u>	<u>\$ 535,107</u>	<u>\$ 2,207,453</u>	<u>\$ 18,654,157</u>

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

CROWN FINANCIAL MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Change in Net Assets	178,359	\$ 259,208
Adjustments to Reconcile Change in Net Assets to		
Net Cash Required by Operating Activities:		
Donated securities and materials reported as investing cash flows	(118,144)	(36,538)
Depreciation	17,177	13,850
Amortization:		
Intangible asset-licensing agreement	45,016	44,795
Product development costs	18,468	19,566
Investment income, net	(302,129)	(408,316)
Change in value of licensing agreement liability	121,040	119,575
Lease expense	62,111	62,111
Operating lease payments	(60,832)	(60,830)
Changes in operating assets and liabilities:		
Contracts receivable	59,855	(169,986)
Inventories	(7,980)	20,854
Prepaid expenses and other assets	(136,292)	18,206
Accounts payable	2,684	(41,512)
Accrued expenses	93,571	59,916
Contract liabilities - unearned income	15,580	26,264
Licensing agreement liability	<u>(133,902)</u>	<u>(128,778)</u>
Net Cash Required by Operating Activities	<u>(145,418)</u>	<u>(201,615)</u>
Cash Flows From Investing Activities:		
Sales (Purchases) of investments	(123,024)	330,944
Intangible asset-licensing agreement, net	(1,469)	(16,181)
Purchases of property and equipment	<u>(6,759)</u>	<u>(24,485)</u>
Investing cash flows before donated securities and materials	(131,252)	290,278
Proceeds from sale of donated securities and materials	<u>118,144</u>	<u>36,538</u>
Net Cash Provided (Required) by Investing Activities	<u>(13,108)</u>	<u>326,816</u>
Net Change in Cash and Cash Equivalents	(158,526)	125,201
Cash and Cash Equivalents, Beginning of Year	<u>914,465</u>	<u>789,264</u>
Cash and Cash Equivalents, End of Year	<u>755,939</u>	<u>\$ 914,465</u>

SUPPLEMENTAL DISCLOSURE NON-CASH OPERATING, INVESTING, AND FINANCING ACTIVITY:

Contributed radio and TV time	<u>\$ 13,011,296</u>	<u>\$ 12,722,018</u>
Contributed services	<u>\$ 11,453</u>	<u>\$ 22,005</u>
Contributed securities and materials	<u>\$ 118,144</u>	<u>\$ 36,538</u>

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

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 1 – NATURE OF THE ORGANIZATION

Christian Financial Concepts, Inc. was incorporated on May 6, 1976 in the state of Georgia for religious, educational and charitable purposes. Crown Ministries, Inc. was founded on September 20, 1985 in Orlando, Florida to teach the public Christian principles of managing money and possessions. As of October 1, 2000, Christian Financial Concepts, Inc. and Crown Ministries, Inc. merged to form Crown Financial Ministries, Inc. ("Crown").

Crown is exempt from federal and state income tax under Internal Revenue Code Section 501 (c)(3). Support for Crown's ministry comes primarily from contributions, sale of products and event fees. The purpose of Crown's ministry is to teach and train others to live by God's principles in the management of their personal finances, careers and businesses. Today, the ministry trains volunteers in over 100 nations and distributes materials in approximately 70+ languages. Crown accomplishes its objectives through primary activities as more fully described below.

Christian Economic Forum

Christian Economic Forum ("CEF") was created to assemble high-capacity individuals to discuss economic topics that concern CEF Members and identify appropriate responses. Due to the ongoing success of the events and energy of the participants, CEF has introduced a membership model to provide a vehicle for members to interact with each other throughout the year, continue discussions and initiatives that evolved from previous CEF annual events, and identify new areas for collaborative efforts. CEF has grown to include over 400 Members in recent years.

CEF offers several events throughout the year including a large annual Global Event, Regional Summits, and other Member Meetups. Members who attend events complete Surveys or White Papers and participate in group discussion forums and working groups to solve the world's greatest challenges through God-Inspired solutions. Their events are designed to break even and ultimately add revenue to support the growth of Crown's outreach.

Crown Solutions

Awareness

Across the United States of America ("U.S.") and internationally on a network of approximately 1,427 terrestrial radio stations and outlets and through the internet, Crown's radio programs reach an estimated 7,341,700 listeners. The message of Crown is also delivered through printed and online courses, articles, and newsletters. Awareness takes place largely within the borders of the US and has a national rollout strategy in its design.

Coaching

Crown offers one-on-one help for individuals seeking personal assistance with achieving their financial goals. The program, Budget Coaching, is delivered through trained volunteers and can be done on-line or in-person. Crown also provides career and educational coaching for young people and adults seeking to understand their unique gifts, talents, interests and values to assist them in career and/or educational decisions. This program is delivered through a global network of trained Career Direct Consultants as well as YES! Consultants.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 1 – NATURE OF THE ORGANIZATION (Continued)

Crown Solutions (Continued)

Community

- US Urban and Underserved Communities - Crown serves these communities through Restoration Path (program) and Bible on Money (seminar and workshop).
- Global Expansion (Global Outreach) - Crown operates through staff and volunteers in approximately 100 nations and has strategic partnerships with other organizations such as Operation Mobilization (Logos Hope ship), CRU, and Hope International which are trained and licensed to carry Crown's materials. Crown's largest areas of effective ministry are the U.S., Brazil, Canada, Poland, South Africa, Madagascar, Malawi, Zimbabwe, China, Malaysia, Taiwan, Korea, and Egypt. Crown is continually expanding its reach through language translations of its God Provides film series as well as other core teaching materials and tools.

Crown and Foundations for Farming have combined forces with their proven methodologies to create the I Was Hungry (IWH) initiative. IWH serves those dependent upon the land by empowering the people to be the best farmers in the world, to learn to operate as a God-designed family, and to faithfully steward their local resources. IWH trains farmers to steward both their land and the harvest from the land. They do this by teaching agricultural skills which bring about a substantial increase in crop yields and by financial training to manage the increase in resources. They also include a training component by Foundations in Family to strengthen the family unit. All three components are vital to bringing an end to hunger, dependency, and poverty.

- Farm and Flourish - A collaborative initiative that delivers solutions and programs to help small-scale farmers in sub-Saharan Africa move from dependency to self-sustainability (Flourishing). This program is operated through training centers.

Crown Solutions Spanish

Awareness

Crown Solutions Spanish is built upon the foundation of understanding oneself, one's strengths, weaknesses, and aspirations. Through a series of workshops, seminars, and interactive sessions, participants are guided on a path of self-discovery, gaining valuable insights into their abilities and potential. Their podcast "Latino Emprendedor," in alliance with Belmont University, is one of the few podcasts that reaches the Spanish-speaking market of entrepreneurs and business owners. As of March 31, 2025, the podcast garnered 1,400 views since its inception on March 23, 2023.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 1 – NATURE OF THE ORGANIZATION (Continued)

Crown Solutions Spanish (Continued)

Coaching

Crown Solutions Spanish provides personalized coaching opportunities where experienced coaches offer guidance, support, and accountability, empowering participants to set meaningful goals and navigate the challenges on their journey to success. These are a few ways they do this:

- Crown Español Academy - This is an e-learning platform where participants can find the direction and strength needed to overcome financial challenges and live a life of financial integrity and freedom. Their facilitators have 10-15 years of experience teaching biblical financial principles with a variety of our resources as Crown volunteers, ensuring each of their Academy participants gets the most out of their available courses: God Provides, MoneyLife, Money Map and Business by the Book. Alumni have the opportunity to implement the courses they go through by organizing on-site training in their churches.
- Budget Coaching in Spanish - Their online Budget Coaching program matches participants with one of their certified coaches to thoroughly analyze their financial status by using the MoneyLife Indicator, Personality ID and Crown MoneyMap. Their coaches work with participants to develop a customized spending plan and debt elimination strategy. It is done securely and remotely.
- Career Direct - This is their comprehensive career assessment system that combines biblical principles with cutting-edge career guidance technology and statistics. With more than 20 years of development, Career Direct has undergone rigorous testing and validation. The Career Direct assessment has been psychometrically developed and is statistically verifiable and reliable. It is designed to identify a unique Career Type and can be completed in about an hour. They have an extensive network of Career Direct Consultants available in every country in Latin America that have been professionally trained to interpret results and come alongside participants with insightful advice.
- Crown Español Entrepreneurship School - Crown Español's Entrepreneurship School is an online intensive program designed to accelerate the formation of entrepreneurs with seed-stage businesses. Participants learn key business concepts for sales, finance, management, human resources, operations, and leadership. Their curriculum focuses on understanding how to integrate faith with business to glorify God, develop a successful work culture, and create social and spiritual impact both inside and outside a business. They have a presence in eight of Crown Español's 17 active countries in Latin America and the United States.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 1 – NATURE OF THE ORGANIZATION (Continued)

Crown Solutions Spanish (Continued)

Community

Crown Solutions Spanish understands the power of connection and collaboration in driving growth and resilience. Participants become part of a vibrant community of like-minded individuals, where they can share experiences, exchange ideas, and support each other's progress. This sense of belonging fosters a culture of encouragement and mutual empowerment.

- Latin Community Outreach in the U.S. - U.S. Latinos are a prominent consumer base and a growing source of economic activity. They are focusing our leadership training work in the following cities with key partners and churches: Orlando, Florida; Dallas, Texas; Nashville, Tennessee; Raleigh, North Carolina; Grand Rapids, Michigan; McAllen, Texas and Lancaster, Pennsylvania. They are serving these cities with Latin Money Map trainings, small group leadership training, entrepreneurship seminars and seminars for pastors.
- Latin America Outreach (Latin Countries) - Crown operates through volunteer leaders in 17 countries (Bolivia, Colombia, Mexico, Cuba, República Dominicana, Venezuela, Guatemala, Panamá, Ecuador, Paraguay, Brazil, Costa Rica, Chile, Argentina, El Salvador, Honduras, Perú) through strategic alliances with organizations and teams in each country, such as Fundación Principios de Vida in Paraguay, Fundación País in Venezuela, Serve Hope International in Honduras, among others, where their teams organize training programs for pastors, seminars in churches, development of facilitators of small groups, Bible on Money seminars, God Provides training, MoneyLife courses, and Latin Money Map trainings.
- Conservative Farming - Crown Español works in partnership with Foundations for Farming to train small-scale farmers to adopt simple, manageable, applicable, long-lasting soil conservation practices that result in high yields. Climate-smart conservation agriculture enables farmers to sustain themselves on a very small piece of land, heal the soil, and nourish it for future generations. Crown Español has incubators in Chile, Costa Rica, Colombia, Honduras, Peru and the Dominican Republic. They have leading countries in the development of these training center programs such as Bolivia, Guatemala and Venezuela that have made significant progress. They work in three fundamental areas of training: Foundations for Farming, Latin Money Map and Entrepreneurship Development.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Crown follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in these financial statements. Actual results could differ from those estimates.

Concentration of Credit Risk

Crown places its cash and cash equivalents with high quality credit institutions. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in checking, savings and short-term money market accounts. These accounts may, at times, exceed federally insured limits. Crown has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Investments

In 1999, Crown signed a license agreement with Larry Burkett, Crown’s co-founder, for the exclusive rights to use Burkett’s name, voice, picture and likeness (see Note 4 for more information). Crown maintains restricted cash and/or investment balances as required by the license agreement. The balance of the restricted investment account at March 31, 2025 and 2024 was \$726,426 and \$662,917, respectively.

Investments

Crown’s investments are stated at fair market value. Investment returns of Crown include interest and dividends and realized and unrealized gains and losses are shown as “investment income, net”, and within the accompanying statements of activities. Investments are exposed to various risks, such as interest rate risk, market risk and credit risk.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

The FASB establishes a fair value 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 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All of Crown's investments at fair value were classified as Level 1 at March 31, 2025 and 2024. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Crown's investments consisted of the following at March 31:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,984,562	\$ 3,640,539
Bond funds	392,388	387,226
Equity funds	469,546	517,106
Exchange traded funds	907,350	783,822
	<u><u>\$ 5,753,846</u></u>	<u><u>\$ 5,328,693</u></u>

Contracts Receivable

Contracts receivable includes billings for products sold to customers and is reported net of any anticipated losses due to uncollectible accounts. The policy for determining when receivables are past due or delinquent is 30 days after invoicing. Uncollectible accounts are reported as additions to the allowance for doubtful accounts when it is determined the amounts are uncollectible. Payments received from nonaccrual receivables are credited to appropriate receivable accounts.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts and economic conditions. At March 31, 2025 and 2024, management deemed no allowance necessary for uncollectible receivables.

Inventories

Inventories consists of books, videos, tapes, software and other training materials held for sale and is stated at aggregate weighted average cost, which approximates the lower of cost (first-in, first-out method) or net realizable value. Cost of goods sold for the year ended March 31, 2025 and 2024 was \$259,426 and \$293,894, respectively, including shipping and handling costs. The reserve for inventory obsolescence was \$4,135 and \$6,381 as of March 31, 2025 and 2024, respectively.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Product Development Costs

Crown capitalizes product development costs, which include external direct costs of materials and services, payroll and payroll-related costs for the employees participating in the projects and allocable indirect costs. Marketing, distribution and general and administrative costs related to its internally-developed products are expensed as incurred.

Upon the release of the product to the general public, the costs for these products are amortized over the projected economic life based upon estimates of units to be sold and/or distributed. Estimates of total gross revenues can change significantly due to a variety of factors, including the level of market acceptance of the films.

Accordingly, revenue estimates are reviewed periodically and amortization is adjusted, if necessary. Such adjustments could have a material effect on the financial statements. Management assesses impairment annually. As of March 31, 2025 and 2024, management has concluded there is no impairment of its capitalized production costs.

Product development costs, net consisted of the following at March 31:

	<u>2025</u>	<u>2024</u>
Career Direct	\$ 33,971	\$ 33,971
God Provides - short films	572,607	572,607
Donor Studio	76,380	76,380
Money Life	174,620	174,620
Websites	<u>90,133</u>	<u>90,133</u>
	947,711	947,711
Less: accumulated amortization	<u>(929,243)</u>	<u>(910,775)</u>
	<u><u>\$ 18,468</u></u>	<u><u>\$ 36,936</u></u>

Amortization expense for the years ended March 31, 2025 and 2024, was \$18,468 and \$19,566, respectively.

Property and Equipment

Items capitalized as property and equipment are recorded at cost or, if donated, at fair market value on the date of the gift. Purchases and donations of equipment in excess of \$3,000 are capitalized if the expected useful life exceeds one year. Donations are reported as unrestricted support 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, expirations of donor restrictions are reported when the donated or acquired assets are placed in service as instructed by the donor.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from three to ten years.

Property and equipment, net consisted of the following at March 31:

	<u>2025</u>	<u>2024</u>
Building improvements	\$ 85,575	\$ 85,575
Furniture, fixtures, and equipment	<u>62,876</u>	<u>69,130</u>
	148,451	154,705
Less: accumulated depreciation	<u>(125,626)</u>	<u>(121,462)</u>
	<u><u>\$ 22,825</u></u>	<u><u>\$ 33,243</u></u>

Depreciation expense for the years ended March 31, 2025 and 2024 was \$17,177 and \$13,850 respectively.

Intangible Asset - Licensing Agreement

As further described in Note 4, Crown owns certain rights to intellectual properties. The fair value of these rights has been determined by an actuary and has been recorded as an asset in the accompanying Statement of Financial Position. Additionally, costs incurred to maintain and protect these intellectual properties are added to the gross asset balance and amortized over the asset's useful life. In accordance with the Goodwill and Intangible Assets topic of the FASB Accounting Standards Codification ("ASC"), this asset is being amortized over an estimated useful life of 40 years.

The estimated gross fair value and related accumulated amortization were as follows at March 31:

	<u>2025</u>	<u>2024</u>
Estimated gross value of intellectual property rights	\$ 1,801,176	\$ 1,799,707
Less: accumulated amortization	<u>(936,153)</u>	<u>(891,137)</u>
	<u><u>\$ 865,023</u></u>	<u><u>\$ 908,570</u></u>

Amortization expense for the years ended March 31, 2025 and 2024, respectively, was approximately \$45,000.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting and Classes of Net Assets

The financial statements report amounts by class of net assets.

Net assets without donor restrictions are currently available for ministry purposes under the direction of the board, resources invested in intangible assets, designated by the board for a specific use, or resources invested in property and equipment. See Note 10 for amounts designated by the board.

Net assets with donor restrictions are currently contributed with donor stipulations for specific operating purposes or programs, with time restrictions or not currently available for use until commitments regarding their use have been fulfilled. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. However, if a restriction is fulfilled in the same time period in which the contribution is received, Crown reports that support as an increase in net assets without donor restrictions. There were no donor restricted net assets of a perpetual nature at March 31, 2025 or 2024.

Revenue Recognition

Public Support

Support is recognized when contributions are made, which may be when cash is received, unconditional promises are made or ownership of other assets is transferred.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying Statements of Activities and Changes in Net Assets as net assets released from restriction.

Contributed services are recognized for those that improve or enhance property and equipment (as contributions and increases to the basis of property and equipment) or for those that require specialized skills (as contributions and expenses). Because various personnel donate their time and services to Crown, contributed services were valued at \$11,453 and \$22,005 for the years ended March 31, 2025 and 2024, respectively. Donated investments are recorded at the estimated fair market value on the date of the gift.

The broadcast ministry is conducted by placing programs on radio stations either by paying a fee for the airtime or by receiving donated airtime from the stations. The value of the donated airtime is estimated based on fair market rates (considering market size, day, time and length of program) for each location and is recorded as revenue and expense when received. Donated airtime was valued at \$13,011,296 and \$12,722,018 for the years ended March 31, 2025 and 2024, respectively.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Indications of intent to support are received from individuals and churches that provide monthly, quarterly or annual gifts of a specified amount. These indications of intent are open-ended and subject to unilateral change by the donor. They are not considered to be unconditional promises to give and are not recognized prior to receipt of the contribution.

Conditional promises to give are not recorded until the conditions are substantially met and bequests are recorded only when amounts are determinable and collection is reasonable assured.

Product Sales

Revenues from product sales is recognized upon providing access to purchased online resources or the shipment of purchased precuts. Crown's only performance obligation to its customers is the delivery of products sold. Generally, sales are collected within one to two months.

For the years ending March 31, 2025 and 2024, product sales consisted of physical merchandise sales of \$162,598 and \$178,935, respectively, and access to online resources of \$566,885 and \$488,319, respectively.

Event Fees

Crown hosts a CEF global event each year and occasionally hosts regional CEF events and other ministry gatherings. Event fees are recognized upon event completion or when performance occurs at a point in time. All unearned income at March 31 is recognized in the subsequent fiscal year. Event revenue was \$452,759 and \$532,734 for the years ended March 31, 2025 and 2024, respectively.

Advertising Costs

Advertising is used to promote programs among the audiences served. Advertising costs are expensed when incurred. Total advertising expense for the year ended March 31, 2024 was \$129,824. There were no advertising expenses for the year ended March 31, 2025.

Uncertain Tax Positions

Crown is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended, and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision or liability for federal and state income taxes has been recorded in the accompanying financial statements.

Crown annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions Crown takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial ASC. In the normal course of business, Crown is subject to examination by the federal and state taxing authorities. In general, Crown is no longer subject to tax examinations for tax years ending before March 31, 2022.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 3 – CONTRACT LIABILITIES

The following table provides details of contract liabilities at March 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contract Liabilities - Unearned Income:			
Event Fees	\$ 425,805	\$ 416,309	\$ 402,100
Ancillary	<u>90,306</u>	<u>84,222</u>	<u>72,167</u>
	<u><u>\$ 516,111</u></u>	<u><u>\$ 500,531</u></u>	<u><u>\$ 474,267</u></u>

NOTE 4 – LICENSING AGREEMENT LIABILITY

In October 1997, Christian Financial Concepts, Inc. entered into an agreement to purchase rights to intellectual properties from its founder and former president. In October 2000, following the merger of Christian Financial Concepts, Inc. and Crown Ministries, Inc., the Board of Directors of the merged organization of Crown endorsed the agreement. These rights include the revocable rights to purchase, use and modify all copyrighted materials produced by the founder. Crown also purchased the exclusive rights to the publicity of Larry Burkett's image and name as part of its continuing ministry.

In exchange for these rights, Crown provides an annual payment, of \$75,000, along with certain medical benefits, (both indexed to inflation) to the co-founder's surviving spouse. Every three years the agreement requires a formal review of the actuarial calculation of the amount projected to meet all future payments.

During 2025 and 2024, management, with the assistance of an independent third-party actuary assessed these assumptions and inputs and determined that, due to the adjusted life expectancy of the co-founder's surviving spouse, the future liability should be increased as of March 31, 2025 and 2024. This adjusted life expectancy resulted in an increase of \$121,040 and \$119,575, respectively, to the licensing agreement liability in the accompanying Statements of Financial Position for the years ended March 31, 2025 and 2024. There was no cash flow impact from these adjustments for the years ended March 31, 2025 and 2024.

Assumptions used in the calculation of this liability include a discount rate of 6% and an assumed annual cost of living increase for expenses other than medical of 2.25% for the years ended March 31, 2025 and 2024.

Future annual estimated cash flow impact resulting from these updated projections is not expected to be significant. The present value of these benefits was estimated to be \$807,809 and \$820,671 at March 31, 2025 and 2024, respectively.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 5 – NET ASSETS

Net assets consisted of the following at March 31:

	<u>2025</u>	<u>2024</u>
Without donor restrictions:		
Undesignated	\$ 3,246,734	\$ 3,328,083
Board-designated for Larry's Legacy	71,045	71,045
Board-designated for Judy Burkett	726,426	662,917
Board-designated for long-term investment	1,257,924	1,210,321
Net investment in product development	18,468	36,936
Net investment in property and equipment	22,825	33,243
	<u>5,343,422</u>	<u>5,342,545</u>
With donor restrictions:		
International	139,634	86,535
National	55,880	17,121
Innovation and development	30,746	37,596
Career Direct	20	6,405
Other	378,628	279,769
	<u>604,908</u>	<u>427,426</u>
	<u>\$ 5,948,330</u>	<u>\$ 5,769,971</u>

Net assets released from donor restriction consisted of the following for the years ended March 31:

	<u>2025</u>	<u>2024</u>
International	\$ 532,056	\$ 397,147
National	36,216	18,693
Innovation and development	21,950	46,270
Career Direct	7,374	27,171
Other	11,342	55,560
	<u>\$ 608,938</u>	<u>\$ 544,841</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

During the years ended March 31, 2025 and 2024, contributions from members of Crown's Board of Directors totaled \$334,070 and \$466,020, respectively.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 7 – EMPLOYEE BENEFIT PLAN

Crown provides a 403(b) tax-sheltered annuity plan for all employees who meet certain eligibility requirements. Eligible employees can contribute up to the maximum allowed each year by federal regulations. Effective January 1, 2017, Crown matches 100% of the participant's contributions up to 6% of the participant's salary for the plan year. During the years ended March 31, 2025 and 2024, Crown contributed \$97,842 and \$106,727, respectively to the plan.

NOTE 8 – LEASE COMMITMENTS

Crown leases office space under an non-cancelable operating lease agreement which spans through March 2028. Crown has recorded a right-of-use asset and operating lease liability which represents the present value of future lease payments. The present value discount rate used was 2.55%.

At March 31, 2025, Crown's operating lease liability was comprised of the following:

Gross operating lease liability	\$ 191,348
Less: imputed interest	<u>(7,370)</u>
Present value of operating lease liability	183,978
Less: current portion of operating lease liability	<u>(55,247)</u>
Long-term operating lease liability	<u><u>\$ 128,731</u></u>

The schedule below summarizes the future minimum annual lease obligations for the years ending March 31:

2026	\$ 62,526
2027	64,411
2028	<u>64,411</u>
	191,348
Less: present value discount	<u>(7,370)</u>
	<u><u>\$ 183,978</u></u>

NOTE 9 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The working capital and cash flows of Crown have seasonal variations during the year attributable to a concentration of contributions received near calendar year-end. As part of Crown's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Crown invests cash in excess of daily requirements in money market accounts.

The following reflects Crown's financial assets as of March 31, reduced by amounts not available for general use within one year due to contractual or donor-imposed restrictions or internal designations.

CROWN FINANCIAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 9 – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board of Directors approves such action.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 755,939	\$ 914,465
Investments	5,753,846	5,328,693
Contracts receivable	134,466	194,321
Total Financial Assets	<u>6,644,251</u>	<u>6,437,479</u>
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	(604,908)	(427,426)
Management appropriations:		
Foundations for Farming	(375,485)	(292,569)
Christian Economic Forum Event unpaid expenses	(329,505)	(431,836)
Health Plan Compliance Supplement	(325,000)	(300,000)
Board-designated restrictions:		
Larry's Legacy	(71,045)	(71,045)
Judy Burkett	(726,426)	(662,917)
Investments held for long-term purposes	<u>(1,257,924)</u>	<u>(1,210,321)</u>
	<u>(3,690,293)</u>	<u>(3,396,114)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,953,958</u>	<u>\$ 3,041,365</u>

NOTE 10 – SUBSEQUENT EVENTS

In April 2025, Crown entered in an agreement with Foundations for Farming International, LLC ("FfFI"), a limited liability company incorporated in the state of Tennessee whereby FfFI's independent board agreed to give Crown 100% membership interest of FfFI. At any time upon written notice from FfFI, FfFI membership interest will be turned over to any entity designated by FfFI without the need for approval from Crown. FfFI and Crown may agree to a management fee to be paid by FfFI to Crown to reimburse costs associated with FfFI administration.

Management has evaluated subsequent events through June 27, 2025, the date the financial statements were available to be issued.