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Independent Auditor's Report

To the Board of Directors
Faith Builders Educational Programs, Inc.
Guys Mills, Pennsylvania

Opinion

We have audited the accompanying financial statements of Faith Builders Educational Programs, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Faith Builders Educational Programs, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Faith Builders Educational Program's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 Faith Builders Educational Program'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 Faith Builders Educational Program'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.

Mattern CPA, LLC
Certified Public Accountants

Mattern CPA, LLC

Meadville, Pennsylvania
October 12, 2023

FAITH BUILDERS EDUCATIONAL PROGRAMS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents		
Operating	\$ 290,621	\$ 79,362
Board designated	475,400	451,245
Held in trust for scholarships	4,653,719	1,796,778
	<u>5,419,740</u>	<u>2,327,385</u>
Accounts receivable	21,327	13,145
Employee retention credit receivable	149,425	149,425
Investments held in trust for scholarships	158,909	906,554
Inventory	317,452	218,571
Prepaid expenses	15,844	43,093
Notes receivable	28,451	29,282
	<u>691,408</u>	<u>1,360,070</u>
TOTAL CURRENT ASSETS	<u>6,111,148</u>	<u>3,687,455</u>
PROPERTY AND EQUIPMENT		
Land	15,239	15,239
Equipment	404,450	389,921
Library	34,286	34,286
Building improvements	2,633,711	2,488,807
Building	1,671,518	317,481
	<u>4,759,204</u>	<u>3,245,734</u>
Accumulated depreciation	(1,499,526)	(1,361,434)
	<u>3,259,678</u>	<u>1,884,300</u>
OTHER ASSETS		
Restricted cash	1,436,117	1,596,223
Investments held in trust for scholarships	1,949,634	1,639,632
Construction in progress	129,832	207,977
Goodwill, net of accumulated amortization	12,100	14,300
	<u>3,527,683</u>	<u>3,458,132</u>
TOTAL ASSETS	<u>\$ 12,898,509</u>	<u>\$ 9,029,887</u>

See accompanying notes and independent auditor's report.

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable	\$ 59,675	\$ 74,648
Accrued payroll taxes	30,397	22,256
Unearned revenue	122,543	35,697
Scholarships payable	<u>6,725,519</u>	<u>4,341,476</u>
TOTAL CURRENT LIABILITIES	<u>6,938,134</u>	<u>4,474,077</u>
NET ASSETS		
Net assets without donor restrictions		
Board designated	475,400	451,245
Unrestricted	<u>4,048,858</u>	<u>2,508,342</u>
	<u>4,524,258</u>	<u>2,959,587</u>
Net assets with donor restrictions	<u>1,436,117</u>	<u>1,596,223</u>
TOTAL NET ASSETS	<u>5,960,375</u>	<u>4,555,810</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,898,509</u>	<u>\$ 9,029,887</u>

See accompanying notes and independent auditor's report.

FAITH BUILDERS EDUCATIONAL PROGRAMS, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
REVENUES			
Donations	\$ 171,267	\$ 1,835,347	\$ 2,006,614
Tuition income	1,001,008	-	1,001,008
Resource group income	280,034	-	280,034
Fee income	856,554	-	856,554
Kitchen income	159,533	-	159,533
Housing income	139,881	-	139,881
Fundraising income	50,504	-	50,504
Miscellaneous	39,571	-	39,571
Facilities and equipment rental income	13,282	-	13,282
TOTAL REVENUES	<u>2,711,634</u>	<u>1,835,347</u>	<u>4,546,981</u>
EXPENSES			
Program services	3,002,587	-	3,002,587
Management and general	352,399	-	352,399
Fundraising	14,798	-	14,798
TOTAL EXPENSES	<u>3,369,784</u>	<u>-</u>	<u>3,369,784</u>
Net assets released from restriction	<u>1,995,453</u>	<u>(1,995,453)</u>	<u>-</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME (EXPENSE)	<u>1,337,303</u>	<u>(160,106)</u>	<u>1,177,197</u>
OTHER INCOME (EXPENSE)			
Interest income	<u>227,368</u>	<u>-</u>	<u>227,368</u>
TOTAL OTHER INCOME (EXPENSE)	<u>227,368</u>	<u>-</u>	<u>227,368</u>
CHANGE IN NET ASSETS	<u>1,564,671</u>	<u>(160,106)</u>	<u>1,404,565</u>
NET ASSETS, BEGINNING OF THE YEAR	<u>2,959,587</u>	<u>1,596,223</u>	<u>4,555,810</u>
NET ASSETS, END OF THE YEAR	<u>\$ 4,524,258</u>	<u>\$ 1,436,117</u>	<u>\$ 5,960,375</u>

See accompanying notes and independent auditor's report.

FAITH BUILDERS EDUCATIONAL PROGRAMS, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	2022 Total
REVENUES			
Donations	\$ 30,299	\$ 1,409,835	\$ 1,440,134
Tuition income	824,394	-	824,394
Fee income	613,899	-	613,899
Resource group income	197,926	75,000	272,926
Special events	189,892	-	189,892
Kitchen income	154,971	-	154,971
Housing income	137,828	-	137,828
Fundraising income	88,630	-	88,630
Miscellaneous	29,775	-	29,775
Facilities and equipment rental income	10,391	-	10,391
TOTAL REVENUES	2,278,005	1,484,835	3,762,840
EXPENSES			
Program services	2,735,657	-	2,735,657
Management and general	316,584	-	316,584
Fundraising	39,400	-	39,400
TOTAL EXPENSES	3,091,641	-	3,091,641
Net assets released from restriction	848,577	(848,577)	-
CHANGE IN NET ASSETS BEFORE OTHER INCOME (EXPENSE)	34,941	636,258	671,199
OTHER INCOME (EXPENSE)			
Interest income	56,855	-	56,855
TOTAL OTHER INCOME (EXPENSE)	56,855	-	56,855
CHANGE IN NET ASSETS	91,796	636,258	728,054
NET ASSETS (RESTATED), BEGINNING OF THE YEAR	2,867,791	959,965	3,827,756
NET ASSETS, END OF THE YEAR	\$ 2,959,587	\$ 1,596,223	\$ 4,555,810

See accompanying notes and independent auditor's report.

FAITH BUILDERS EDUCATIONAL PROGRAMS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	2023 Total
COST OF GOODS SOLD				
Resource group purchases	\$ 211,982	\$ -	\$ -	\$ 211,982
OPERATING EXPENSES				
Payroll expense	1,440,615	191,959	-	1,632,574
Donor restricted scholarship payout	156,868	-	-	156,868
Travel and events	131,304	15,183	-	146,487
Subcontracting	137,580	4,187	-	141,767
Depreciation expense	140,292	-	-	140,292
Kitchen expense	127,692	439	-	128,131
Payroll taxes	109,256	14,684	-	123,940
HR expense	80,906	23,188	-	104,094
Utilities	73,416	11,150	-	84,566
Services	76,068	4,323	-	80,391
Office expense	66,191	1,404	-	67,595
Resources expense	49,518	1,243	-	50,761
Insurance	12,525	29,624	-	42,149
Supplies	34,886	4,791	-	39,677
Repairs and maintenance	36,522	-	-	36,522
Legal and professional	18,198	16,801	-	34,999
Small tools	33,615	104	-	33,719
Chapel expense	-	21,618	-	21,618
Special events	17,812	-	-	17,812
Student activities	14,946	620	-	15,566
Fundraising supplies and advertising	-	-	14,798	14,798
Housing expense	13,677	366	-	14,043
Property taxes	10,039	50	-	10,089
Contributions	26	9,992	-	10,018
Bank fees	8,653	673	-	9,326
TOTAL OPERATING EXPENSES	2,790,605	352,399	14,798	3,157,802
TOTAL FUNCTIONAL EXPENSES	\$ 3,002,587	\$ 352,399	\$ 14,798	\$ 3,369,784

See accompanying notes and independent auditor's report.

FAITH BUILDERS EDUCATIONAL PROGRAMS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	2022 Total
COST OF GOODS SOLD				
Resource group purchases	\$ 213,922	\$ -	\$ -	\$ 213,922
OPERATING EXPENSES				
Payroll expense	1,248,891	164,427	-	1,413,318
Special events	153,298	-	-	153,298
Travel and events	116,520	8,981	-	125,501
Donor restricted scholarship payout	115,085	-	-	115,085
Depreciation expense	113,432	-	-	113,432
Subcontracting	108,567	1,838	-	110,405
Payroll taxes	94,950	12,594	-	107,544
Kitchen expense	103,325	477	-	103,802
HR expense	60,949	23,798	-	84,747
Utilities	70,155	9,239	-	79,394
Repairs and maintenance	56,361	-	-	56,361
Services	45,845	2,940	-	48,785
Office expense	45,832	2,619	-	48,451
Small tools	40,421	24	-	40,445
Insurance	10,922	28,866	-	39,788
Fundraising supplies and advertising	-	-	39,400	39,400
Resources expense	34,994	2,100	-	37,094
Supplies	32,981	3,973	-	36,954
Housing expense	24,509	3,350	-	27,859
Legal and professional	11,427	16,397	-	27,824
Chapel expense	-	24,710	-	24,710
Student activities	17,534	574	-	18,108
Property taxes	9,975	49	-	10,024
Contributions	-	8,881	-	8,881
Bank fees	5,762	747	-	6,509
TOTAL OPERATING EXPENSES	<u>2,521,735</u>	<u>316,584</u>	<u>39,400</u>	<u>2,877,719</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,735,657</u>	<u>\$ 316,584</u>	<u>\$ 39,400</u>	<u>\$ 3,091,641</u>

See accompanying notes and independent auditor's report.

FAITH BUILDERS EDUCATIONAL PROGRAMS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 1,404,565	\$ 728,054
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	140,292	113,432
(Increase) decrease in accounts receivable	(8,182)	10,161
Decrease (increase) in investments	747,645	(750,781)
(Increase) decrease in inventory	(98,881)	16,532
Decrease (increase) in prepaid insurance	27,249	(22,150)
Decrease in notes receivable	831	5,230
(Decrease) increase in accounts payable	(14,973)	50,560
Increase in accrued payroll taxes	8,141	2,341
Increase (decrease) in unearned revenue	86,846	(13,292)
Increase in scholarships payable	2,384,043	1,779,986
	4,677,576	1,920,073
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in investments	(310,002)	(282,931)
Decrease (increase) in construction in progress	78,145	(186,738)
Purchase of property and equipment	(1,513,470)	(179,330)
	(1,745,327)	(648,999)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,932,249	1,271,074
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	3,923,608	2,652,534
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 6,855,857	\$ 3,923,608
AS PRESENTED ON STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents, including board designated	\$ 5,419,740	\$ 2,327,385
Restricted cash	1,436,117	1,596,223
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 6,855,857	\$ 3,923,608
SUPPLEMENTAL DISCLOSURES		
Interest expense paid	\$ -	\$ -

See accompanying notes and independent auditor's report.

FAITH BUILDERS EDUCATIONAL PROGRAMS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Faith Builders Educational Programs, Inc. (FBEP) is a study program organized primarily to educate teachers and prospective teachers of private Christian day schools around the United States of America and also offers training for Christian ministry. FBEP utilizes a semester based educational system to instruct both students and adults and provides opportunities for application of the education at a parochial school. FBEP primarily operates throughout northwestern Pennsylvania and educates students from across the United States. Consequently, FBEP's ability to collect the amounts due from these customers is affected by economic fluctuations in their area.

Accounting Method

FBEP prepares its financial statements utilizing the accrual method of accounting. Revenues and the related receivables are recorded when earned and measurable. When FBEP receives advanced payments from a student, the amount is deferred until the period in which the service has occurred.

Financial Statement Presentation

FBEP is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Revenue Recognition

The FASB has issued ASU 2014-09, revenue recognition, effective for financial statements ending June 30, 2023 and 2022. FBEP recognizes contributions when cash, securities or other assets, are received. All contributions have been recognized in the current year.

Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated purpose for which the resource was restricted has been fulfilled.

Tuition, meals, and fees are recognized as revenue when the service is provided to the student. At times, students will pay for these items ahead of time. The price of these items are determined by set tuition and meals and fees before the school year.

Scholarship income is recognized as revenue upon payment of scholarships to eligible students to their private schools. When the amounts have been paid to private schools, revenue is recognized by FBEP.

See independent auditor's report.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cost Allocation

The payroll and other administration expenses are broken down by the number of employees serving in each class and the amount of money handled by each class, combined with a score of 1-3 for difficulty of administrating. The maintenance and utility costs are allocated based on square footage along with a scoring system of 1-3 being assigned to each area for the amount of burden on the maintenance department. The technology costs are allocated based on the number of technology items in each class. A score of 1-3 is also assigned to each class based on the amount of burden/priority put on the technology department.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in three banks, which includes highly liquid investments with a maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. FBEP was in excess of federally insured monies for the years ended June 30, 2023 and 2022 by \$4,403,583 and \$2,917,538.

Restricted Cash

Restricted cash consists of monies held by FBEP for specific purposes (see Note B). The amounts restricted for the years ended June 30, 2023 and 2022 are \$1,436,117 and \$1,596,223, respectively.

Accounts Receivable

Accounts receivable are created during normal business operations; the majority of accounts receivable represents balances owed by students for tuition. FBEP grants credit to customers, but generally does not require collateral. Payment terms are varied and based on the needs of the students. FBEP charges one percent (1%) interest on past due accounts. Management will review the outstanding accounts receivable at year-end and establish an allowance for doubtful accounts for balances not expected to be collected. For the years ended June 30, 2023 and 2022, the allowance for doubtful accounts was set at \$-0-.

Inventory

Inventory is stated at the average cost, as determined by the first-in, first-out method. The inventory consists of books and other reading materials made available for purchase at FBEP's bookstore.

See independent auditor's report.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market. This level includes common stocks, corporate bonds, or mutual funds based on the closing price reported in the active market where the securities are traded.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation, or other means.

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

The fair values of all of the trading securities listed below as of June 30, 2023 and 2022 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs):

	Unrestricted Fair Market 07/01/22	Investment Income	Withdrawals	Deposits	Unrestricted Fair Market 06/30/23
Short-Term	\$ 906,554	\$ 2,355	\$ (750,000)	\$ -	\$ 158,909
Long-Term	1,639,632	60,002	-	250,000	1,949,634
Total	<u>\$ 2,546,186</u>	<u>\$ 62,357</u>	<u>\$ (750,000)</u>	<u>\$ 250,000</u>	<u>\$ 2,108,543</u>

	Unrestricted Fair Market 07/01/21	Investment Income	Withdrawals	Deposits	Unrestricted Fair Market 06/30/22
Short-Term	\$ 155,773	\$ 781	\$ -	\$ 750,000	\$ 906,554
Long-Term	1,356,701	32,931	-	250,000	1,639,632
Total	<u>\$ 1,512,474</u>	<u>\$ 33,712</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 2,546,186</u>

Notes Receivable

Notes receivable is comprised of agreements between FBEP and their students on a payment schedule to pay off the tuition owed at June 30, 2023 and 2022.

See independent auditor's report.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost. FBEP capitalizes expenditures of property, furniture, fixtures and office equipment in excess of \$5,000. Assets are pledged to secure certain debt (See Note B). Depreciation of property and equipment is calculated by using the straight-line method for financial reporting at rates based on the following useful lives:

	<u>Years</u>
Equipment	5-10
Library books	12
Buildings and improvements	40

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to an expense as incurred. When property and equipment are retired or disposed of, the asset account and related accumulated depreciation accounts are reduced, and any gain or loss is included in operations. Depreciation expense for the years ended June 30, 2023 and 2022 was \$140,292 and \$113,432.

Intangibles

FBEP acquired a book store and part of the purchase price included goodwill. Goodwill is reviewed annually for impairment. As of June 30, 2023 and 2022 there was no impairment. FBEP has elected ASU No. 2019-06 to amortize over ten years.

Unearned Revenue

Students have the option of paying FBEP tuition in advance. For the years ended June 30, 2023 and 2022, the total amount of unearned revenue related to advance payments was \$1,500 and \$1,425.

Net Assets

FBEP has adopted Financial Accounting Standard Boards (FASB) Accounting Standards Codification (ASC) 958, "Not-for-Profit Entities." Under FASB ASC 958, FBEP is required to report information regarding its financial position and activities according to the following classes of net assets:

- A. Without Donor Restrictions - All other net assets that do not meet the criteria of net assets with donor restrictions.
- B. With Donor Restrictions- Cash or other assets donated with donor stipulations that limit the use of the donated asset. The restriction ends by either the passage of time or when the restriction is accomplished. FBEP had donor restricted net assets of \$1,436,117 and \$1,596,223 as of June 30, 2023 and 2022, respectively.

See independent auditor's report.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Income Taxes

FBEP is tax-exempt as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a) of the Internal Revenue Code. FBEP adopted the provisions of FASB ASC 740-10. FASB records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. There are not any uncertain tax positions as of June 30, 2023 and 2022, and there are not any associated interest and penalties recognized in the financial statements. The Board continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The tax years ended June 30, 2021 through 2023 remain subject to examination by major tax jurisdictions.

Donated Materials and Services

FBEP records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in FBEP's program services.

Contributions

Contributions received are recorded as with or without restrictions depending on the existence or nature of any donor restrictions.

Recently Issued and Adopted Accounting Pronouncement

The FASB has issued ASU 2016-02, Leases (Topic 842), effective for fiscal years beginning after December 15, 2021. This update is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. To meet that objective, the FASB is amending the FASB Accounting Standards Codification and creating Topic 842, Leases. This update was adopted as of July 1, 2022 and had no material impact on the financial statements.

See independent auditor's report.

NOTE B - NET ASSETS WITH DONOR RESTRICTIONS

The balance at June 30, 2023 and 2022 is comprised of the following:

Subject to expenditure for specified purpose:	2023	2022
Capital projects	\$ 915,688	\$ 1,089,766
Church history	177,979	182,694
Tuition	159,597	197,628
Learning support	63,380	-
Weaving	62,925	75,000
Curriculum development	37,323	33,660
Viewpoint	12,354	-
Congregation SWW	6,011	-
Chapel donations	860	1,316
The Doc	-	9,768
Servent Institute	-	6,391
Total net assets with donor restrictions	<u>\$ 1,436,117</u>	<u>\$ 1,596,223</u>

NOTE C - RETIREMENT PLAN

All employees that work more than 20 hours a week may make a pre-tax contribution to FBEP's 403(b) plan. The plan allows employees to contribute up to the amount allowable by the Internal Revenue Service. FBEP will contribute to the plan when the following criteria are met: Individual is at least 21 years of age, has completed 36 months of service with the organization, and is scheduled to work at least 30 hours per week. FBEP contributed \$76,523 and \$63,685 to the plan for the years ended June 30, 2023 and 2022, respectively.

In addition to the longevity percentage of compensation contributed by FBEP, regardless of employee contributions, FBEP will contribute to the plan a matching amount for the employees' contributions when the following criteria is met: Individual is at least 21 years of age, and is consistently scheduled to work at least 30 hours per week for 10 months of the year. The amount currently matched is a maximum of 3% of the employee's gross pay. This percentage is set annually by the Board.

NOTE D - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	2023	2022
Financial current assets at year-end	\$ 6,111,148	\$ 3,687,455
Less board designated monies	(475,400)	(451,245)
Less investments for scholarship funds	(4,812,628)	(2,703,332)
	<u>\$ 823,120</u>	<u>\$ 532,878</u>

See independent auditor's report.

NOTE D - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONCLUDED)

As part of FBEP'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. To help manage unanticipated liquidity needs, FBEP has a line of credit that can be drawn upon if necessary or investments that can become liquid, if needed. The board-designated monies also include funds set aside for liquidity needs. The Board's aim is to get these funds to the equivalent of one year of budgeted general operating donations.

NOTE E - CONCENTRATIONS

FBEP's work force is comprised of individuals that live in the western Pennsylvania area.

NOTE F - SCHOLARSHIPS

FBEP acts as an agent for the administration of donations for scholarships throughout the Commonwealth of Pennsylvania's Educational Improvement Tax Credit program and Opportunity Scholarship Tax Credit program. The total received through these programs was \$12,806,407 and \$8,508,862 for the years ended June 30, 2023 and 2022. The total amount of scholarships paid out to schools were \$9,764,688 and \$6,288,453 for the years ended June 30, 2023 and 2022. The amount of \$6,725,519 and \$4,341,476 were considered scholarships payable for the years ended June 30, 2023 and 2022, respectively.

NOTE G - PRIOR PERIOD ADJUSTMENT

The net assets for FBEP were restated due to them being eligible and filing for employee retention credit (ERC). This resulted in a receivable being recorded in the amount of \$149,425 and equity to be adjusted as this credit related to the June 30, 2021 yearend. Equity was adjusted as follows:

June 30, 2021 without donor restrictions balance	2,718,366
adjustment for ERC	<u>149,425</u>
Restated balance as of June 30, 2021	<u><u>2,867,791</u></u>

NOTE H - SUBSEQUENT EVENTS

FBEP has evaluated events and transactions and is unaware of any subsequent events to disclose as of October 12, 2023, the date these financials were presented.

See independent auditor's report.