



**FAR EAST BROADCASTING  
COMPANY, INC.**

Financial Statements  
With Independent Auditors' Report

June 30, 2024 and 2023

# **FAR EAST BROADCASTING COMPANY, INC.**

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## INDEPENDENT AUDITORS' REPORT

Audit Committee  
Far East Broadcasting Company, Inc.  
La Mirada, California

### ***Opinion***

We have audited the accompanying financial statements of Far East Broadcasting Company, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, 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 Far East Broadcasting Company, Inc., as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

Audit Committee  
Far East Broadcasting Company, Inc.  
La Mirada, California

***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 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 Far East Broadcasting Company, Inc.'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 Far East Broadcasting Company, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*Capin Crouse LLP*

Ontario, California  
October 29, 2024

# FAR EAST BROADCASTING COMPANY, INC.

## Statements of Financial Position

	June 30,	
	2024	2023
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,081,088	\$ 1,092,959
Accounts receivable	266,133	713,869
Funds held in escrow	200,000	-
Prepaid expenses and other assets	63,343	85,769
Estate and trust receivables	383,732	176,757
Investments	14,781,452	16,235,092
Investments held for board designated purposes	2,808,270	1,720,231
Real estate held for sale	390,036	-
Property and equipment - at cost, net	56,620	479,425
Operating lease-right-of-use asset	438,685	124,884
Financing lease-right-of-use assets	52,171	66,155
	<u>20,521,530</u>	<u>20,695,141</u>
<b>Total Assets</b>	<b>\$ 20,521,530</b>	<b>\$ 20,695,141</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 248,719	\$ 167,068
Accrued expenses	559,357	1,378,355
Funds held in escrow liability	200,000	-
Fiduciary obligations	1,820,400	1,909,210
Operating lease obligation	439,385	124,884
Financing lease obligations	53,394	66,482
<b>Total liabilities</b>	<b>3,321,255</b>	<b>3,645,999</b>
<b>Net assets without donor restrictions:</b>		
Undesignated	6,853,271	8,687,757
Board designated	2,808,270	1,720,231
	<u>9,661,541</u>	<u>10,407,988</u>
<b>Net assets with donor restrictions</b>	<b>7,538,734</b>	<b>6,641,154</b>
<b>Total net assets</b>	<b>17,200,275</b>	<b>17,049,142</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 20,521,530</b>	<b>\$ 20,695,141</b>

See notes to financial statements

# FAR EAST BROADCASTING COMPANY, INC.

## Statements of Activities

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 3,373,191	\$ 6,888,301	\$ 10,261,492	\$ 3,187,025	\$ 6,378,799	\$ 9,565,824
Trust and estate income	1,356,101	17,647	1,373,748	2,825,468	-	2,825,468
Broadcast revenue	3,006,185	-	3,006,185	2,489,953	-	2,489,953
Gifts-in-kind - donated air time	90,900	-	90,900	96,219	-	96,219
Gifts-in-kind - other	26,500	-	26,500	30,800	-	30,800
Investment income	1,645,318	27,602	1,672,920	1,118,284	19,204	1,137,488
Change in value of fiduciary obligations	(76,890)	-	(76,890)	(107,068)	-	(107,068)
Forgiveness of debt	-	-	-	514,269	-	514,269
Other income	632	-	632	378,030	-	378,030
Net assets released from restrictions:						
Satisfaction of program restrictions	6,035,970	(6,035,970)	-	8,288,074	(7,181,451)	1,106,623
	<u>15,457,907</u>	<u>897,580</u>	<u>16,355,487</u>	<u>18,821,054</u>	<u>(783,448)</u>	<u>18,037,606</u>
EXPENSES:						
Program ministries:						
Broadcast operations	<u>13,816,748</u>	<u>-</u>	<u>13,816,748</u>	<u>13,059,446</u>	<u>-</u>	<u>13,059,446</u>
Supporting activities:						
General and administrative	997,498	-	997,498	1,028,961	-	1,028,961
Fundraising	<u>1,390,108</u>	<u>-</u>	<u>1,390,108</u>	<u>1,640,296</u>	<u>-</u>	<u>1,640,296</u>
Total supporting services	<u>2,387,606</u>	<u>-</u>	<u>2,387,606</u>	<u>2,669,257</u>	<u>-</u>	<u>2,669,257</u>
Total Expenses	<u>16,204,354</u>	<u>-</u>	<u>16,204,354</u>	<u>15,728,703</u>	<u>-</u>	<u>15,728,703</u>
Change in Net Assets	(746,447)	897,580	151,133	3,092,351	(783,448)	2,308,903
Net Assets, Beginning of Year	<u>10,407,988</u>	<u>6,641,154</u>	<u>17,049,142</u>	<u>7,315,637</u>	<u>7,424,602</u>	<u>14,740,239</u>
Net Assets, End of Year	<u>\$ 9,661,541</u>	<u>\$ 7,538,734</u>	<u>\$ 17,200,275</u>	<u>\$ 10,407,988</u>	<u>\$ 6,641,154</u>	<u>\$ 17,049,142</u>

See notes to financial statements

# FAR EAST BROADCASTING COMPANY, INC.

## Statements of Functional Expenses

by Natural Classification

	Year Ended June 30, 2024			
	Broadcast Operations	General and Administrative	Fundraising	Total
Broadcasting grants	\$ 7,886,199	\$ -	\$ -	\$ 7,886,199
Salaries and wages	2,585,239	369,007	322,044	3,276,290
Professional services	949,738	212,920	258,388	1,421,046
Printing and publications	463,100	117,562	570,822	1,151,484
Employee benefits	934,832	113,797	96,924	1,145,553
Travel	260,434	29,634	35,510	325,578
Telephone and occupancy	233,113	22,028	23,697	278,838
Other expenses	145,157	71,085	35,016	251,258
Supplies	134,334	13,279	24,696	172,309
Conferences	106,243	7,901	4,646	118,790
Postage and shipping	42,759	19,456	7,321	69,536
Equipment repair and maintenance	49,885	5,401	5,434	60,720
Depreciation and amortization	25,715	15,428	5,610	46,753
Total Expenses	<u>\$ 13,816,748</u>	<u>\$ 997,498</u>	<u>\$ 1,390,108</u>	<u>\$ 16,204,354</u>

  

	Year Ended June 30, 2023			
	Broadcast Operations	General and Administrative	Fundraising	Total
Broadcasting grants	\$ 7,768,882	\$ -	\$ -	\$ 7,768,882
Salaries and wages	2,417,510	434,724	370,894	3,223,128
Professional services	757,820	185,989	390,961	1,334,770
Printing and publications	245,754	102,481	634,550	982,785
Employee benefits	829,997	124,739	104,620	1,059,356
Travel	306,179	26,773	41,765	374,717
Telephone and occupancy	203,366	20,668	20,237	244,271
Other expenses	119,251	57,771	24,430	201,452
Supplies	142,978	18,502	25,922	187,402
Conferences	134,381	5,784	4,595	144,760
Postage and shipping	35,236	19,170	8,094	62,500
Equipment repair and maintenance	59,908	5,684	5,897	71,489
Depreciation and amortization	38,184	26,676	8,331	73,191
Total Expenses	<u>\$ 13,059,446</u>	<u>\$ 1,028,961</u>	<u>\$ 1,640,296</u>	<u>\$ 15,728,703</u>

See notes to financial statements

# FAR EAST BROADCASTING COMPANY, INC.

## Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 151,133	\$ 2,308,903
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	46,753	73,191
Realized and unrealized gain on investments	(1,670,722)	(1,184,603)
Gain on sale of property and equipment	-	(2,214)
Gift annuity and charitable trusts actuarial change	(75,160)	(273,805)
Recognition of forgiveness of debt	-	(514,269)
Net change in:		
Accounts receivable	447,736	(575,566)
Funds held in escrow	(200,000)	375,000
Prepaid expenses and other assets	22,426	(44,725)
Estate and trust receivables	(206,975)	58,913
Accounts payable	82,351	(92,187)
Accrued expenses	(818,998)	793,320
Funds held in escrow liability	200,000	(375,000)
Net Cash Provided (Used) by Operating Activities	<u>(2,021,456)</u>	<u>546,958</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	-	(32,349)
Proceeds from sale of property and equipment	-	3,500
Acquisition of investments	(2,715,874)	(5,382,689)
Proceeds from sale of investments	4,752,197	5,053,684
Proceeds from sale of investments for distribution of beneficiary payments	250,409	571,263
Gift portion of new trusts and charitable savings agreements	(96,500)	26,668
Net Cash Provided by Investing Activities	<u>2,190,232</u>	<u>240,077</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal paid on finance leases	(13,088)	(3,439)
Payments on gift annuities to beneficiaries	(250,409)	(571,263)
Face value of new annuity, trusts, and charitable savings agreements	115,001	39,998
Maturities of gift annuities and trusts	(32,151)	(139,410)
Net Cash Used by Financing Activities	<u>(180,647)</u>	<u>(674,114)</u>

(continued)

See notes to financial statements

# FAR EAST BROADCASTING COMPANY, INC.

## Statements of Cash Flows (continued)

	Year Ended June 30,	
	2024	2023
Change in Cash and Cash Equivalents	(11,871)	112,921
Cash and Cash Equivalents, Beginning of Year	1,092,959	980,038
Cash and Cash Equivalents, End of Year	<u>\$ 1,081,088</u>	<u>\$ 1,092,959</u>
SUPPLEMENTAL DISCLOSURES:		
Right of use assets obtained in exchange for lease obligations	<u>\$ 458,326</u>	<u>\$ -</u>
Property & equipment transferred to real estate held for sale	<u>\$ 390,036</u>	<u>\$ -</u>
Interest paid	<u>\$ 2,272</u>	<u>\$ 701</u>

See notes to financial statements

# **FAR EAST BROADCASTING COMPANY, INC.**

## **Notes to Financial Statements**

June 30, 2024 and 2023

1. **NATURE OF ORGANIZATION:**

Far East Broadcasting Company, Inc. (FEBC) is a nonprofit Christian broadcasting corporation dedicated to serving people, primarily in Asia, by developing Christian content and delivering it through various media channels to move listeners toward Jesus Christ and His kingdom.

FEBC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). It is also exempt from state income taxes. However, FEBC is subject to federal income tax on any unrelated business taxable income. Contributions by the public are deductible for income tax purposes. FEBC has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

FEBC is in the process of establishing operations in Texas to support FEBC's long-term objectives.

For the years ended June 30, 2024 and 2023, approximately 12% and 21% of FEBC's contributions consisted of trust and estate gifts, respectively. Approximately 10% and 7% of contributions were received from other FEBC affiliates (see Note 10), and approximately 39% and 33% of contributions were received from churches, foundations, ministries, and other institutions for the years ended June 30, 2024 and 2023, respectively. Remaining contributions were received from individuals.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of FEBC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**CASH AND CASH EQUIVALENTS**

For statements of financial position and cash flow purposes, cash and cash equivalents include cash on hand and on deposit. At June 30, 2024 and 2023, FEBC's cash balances on deposit exceeded federally insured limits by approximately \$346,000 and \$787,000, respectively.

**ACCOUNTS RECEIVABLE**

Accounts receivable consist of amounts due to FEBC for airing programs on FEBC's stations. Based on historical experience, current year conditions and reasonable and supportable forecasts, FEBC has not recorded an allowance for credit losses. The FEBC has not experienced or recognized any significant write-offs due to financial distress for the years ended June 30, 2024 and 2023.

**ESTATE RECEIVABLES AND TRUST RECEIVABLES**

Estate and trust receivables are reported net of any anticipated losses due to uncollectible 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. An allowance for doubtful accounts is recorded annually based on historical experience and management's evaluation of receivables at the end of each year. The allowance was \$0 for each of the years ended, June 30, 2024 and 2023, respectively.

# **FAR EAST BROADCASTING COMPANY, INC.**

## **Notes to Financial Statements**

June 30, 2024 and 2023

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

#### **PREPAID EXPENSES AND OTHER ASSETS**

Prepaid expenses and other assets consist of deposits and advances to affiliates.

#### **INVESTMENTS**

Investments are carried on the following basis:

- Investments in marketable debt securities, mutual funds, government securities, and equity securities with readily determinable fair values are reported at fair value.
- Investments in alternatively managed futures and indexed annuities have an estimated market value based on reasonable valuation methodologies, including items such as surrender value and recent offering prices, which approximate fair value.
- Investments in limited partnerships, closely-held stocks, and property held for investment purposes are carried at appraisal value, which approximates fair value.

#### **REAL ESTATE HELD FOR SALE**

FEBC placed real estate in La Mirada, California, up for sale during the year ended June 30, 2024. The real estate is held at the lower of cost or fair value, less estimated selling costs. In August 2023, FEBC entered into a sale agreement with a selling price of \$7,500,000 and a scheduled closing date in December 2024. During the year ended June 30, 2024, the purchaser deposited \$200,000 in earnest money.

#### **OPERATING AND FINANCING LEASE RIGHT-OF-USE ASSETS AND OBLIGATIONS**

FEBC has contracts that contain the right to control the use of property and are therefore considered leases. FEBC records right-of-use assets and lease obligations on the statements of financial position for the rights and obligations created by leases with initial terms of more than twelve months. FEBC has elected to not separate lease and non-lease components.

#### **PROPERTY AND EQUIPMENT**

Expenditures for property and equipment over \$5,000 are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 10 years for equipment and from 20 to 40 years for buildings and improvements.

# **FAR EAST BROADCASTING COMPANY, INC.**

## **Notes to Financial Statements**

June 30, 2024 and 2023

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

#### **NET ASSETS**

The financial statements report amounts by class of net assets:

*Net assets without donor restrictions* are those currently available at the discretion of the board for use in FEBC's operations or designated for specific purposes and those resources invested in land, buildings, and equipment.

*Net assets with donor restrictions* are those related to fiduciary agreements and those which are stipulated by donors for specific purposes.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor.

Contributions are recorded as net assets 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 to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed in service.

#### **SUPPORT, REVENUE, AND EXPENSES**

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to FEBC. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. Goods given to FEBC that do not have an objective basis for valuation are not recorded.

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

#### **GIFTS-IN-KIND**

Gifts-in-kind consists of non-cash gifts including donated air time, radios, and other. Non-cash gifts are recorded as support at the estimated fair market value on the date of the gift. Donated air time and radios are utilized to fulfill FEBC's mission to move listeners closer to Jesus Christ and His Kingdom.

# **FAR EAST BROADCASTING COMPANY, INC.**

## **Notes to Financial Statements**

June 30, 2024 and 2023

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

#### **FORGIVENESS OF DEBT**

FEBC obtained a Payroll Protection Program loan in May 2020, due to the coronavirus pandemic. The loan was fully forgivable if FEBC met certain spending and employment thresholds. The loan was fully forgiven during the year ended June 30, 2023. FEBC recognized \$514,269 of income, which is recorded as forgiveness of debt on the statements of activities.

#### **FUNCTIONAL ALLOCATION OF EXPENSES**

The financial statements report certain categories of expenses that are attributable to more than one or more programs or supporting functions of FEBC. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, shared services, and office and occupancy, which are allocated on a combined square footage basis and estimated benefit received. Salaries and benefits are allocated on the basis of estimates of time and effort.

#### **ALLOCATION OF JOINT COSTS**

Accounting standards require all costs which contain any fundraising appeal to be allocated to fundraising unless all of the following three tests are met: purpose, audience, and content. The allocation of these joint costs is disclosed in Note 12 to the financial statements.

#### **USE OF ESTIMATES**

The preparation of 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 STANDARD**

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by FEBC that are subject to the guidance in FASB ASC 326 are accounts receivable.

FEBC adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

3. **LIQUIDITY:**

The following reflects FEBC'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. FEBC maintains liquidity sufficient to meet general obligations as they become due.

	June 30,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 1,081,088	\$ 1,092,959
Accounts receivable	266,133	713,869
Estate and trusts receivable	383,732	176,757
Investments	14,781,452	16,235,092
Investments held for board designated purposes	2,808,270	1,720,231
Financial assets, at year end	<u>19,320,675</u>	<u>19,938,908</u>
Less those unavailable for FEBC's activities within one year due to:		
Beneficial interest held in others	(32,575)	(32,575)
Restricted by donors with purpose or time restrictions	(5,712,838)	(3,651,282)
Board designated	(2,808,270)	(1,720,231)
Fiduciary obligations	<u>(1,820,400)</u>	<u>(1,909,210)</u>
	<u>(10,374,083)</u>	<u>(7,313,298)</u>
Financial assets available to meet cash needs for FEBC's activities within one year	<u>\$ 8,946,592</u>	<u>\$ 12,625,610</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for FEBC's activities within one year of the date of the statements of financial position, other than as noted. FEBC has a goal to maintain cash and investments on hand to meet ninety days of normal operating expenses, which are on average \$1,567,000 per month. FEBC is committed to having adequate cash reserves as part of its overall financial plan. As part of the FEBC's liquidity management plan, excess cash is invested in short term certificates of deposit or interest bearing checking accounts.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

4. INVESTMENTS AND INVESTMENTS HELD FOR BOARD DESIGNATED PURPOSES:

The carrying value of FEBC's investments and fiduciary fund assets at June 30, 2024 and 2023 are as follows:

	June 30,	
	2024	2023
Cash and cash equivalents	\$ 3,211,659	\$ 487,549
Investments:		
Equities	7,689,831	8,900,386
Bonds	3,123,541	3,923,959
Mutual funds	216,621	3,419,547
Money market accounts	2,877,269	689,160
Indexed annuities	410,657	373,162
Alternative managed futures	-	101,416
Limited partnership	60,144	60,144
	<u>\$ 17,589,722</u>	<u>\$ 17,955,323</u>

The Fair Value Measurements and Disclosure Topic of the FASB Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs consist of unobservable inputs and have the lowest priority. FEBC uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the FEBC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or 2 inputs were not available.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

4. INVESTMENTS AND INVESTMENTS HELD FOR BOARD DESIGNATED PURPOSES, continued:

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

As of June 30, 2024:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 7,689,831	\$ 7,689,831	\$ -	\$ -
Mutual funds	216,621	216,621	-	-
Bonds	3,123,541	-	3,123,541	-
Indexed annuities	410,657	-	410,657	-
Limited partnership	60,144	-	-	60,144
	<u>\$ 11,500,794</u>	<u>\$ 7,906,452</u>	<u>\$ 3,534,198</u>	<u>\$ 60,144</u>

As of June 30, 2023:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 8,900,386	\$ 8,900,386	\$ -	\$ -
Mutual funds	3,419,547	3,419,547	-	-
Bonds	3,923,959	-	3,923,959	-
Indexed annuities	373,162	-	373,162	-
Alternative managed futures	101,416	-	101,416	-
Limited partnership	60,144	-	-	60,144
	<u>\$ 16,778,614</u>	<u>\$ 12,319,933</u>	<u>\$ 4,398,537</u>	<u>\$ 60,144</u>

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

4. INVESTMENTS AND INVESTMENTS HELD FOR BOARD DESIGNATED PURPOSES, continued:

FEBC is licensed by the state of California Department of Insurance as an Annuity Society. Under this designation, the department requires FEBC to maintain a reserve adequate to meet future payments under the annuity contracts. The reserve included in cash and cash equivalents and investments totaled \$205,155 and \$222,136 as of June 30, 2024 and 2023, respectively. The reserve amount is based upon the most current annuity mortality rate from the State of California Department of Insurance on the date of the agreement. The range of annuity rates for existing agreements is 3.38% to 13.2%.

5. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	June 30,	
	2024	2023
Land	\$ -	\$ 300,310
Land improvements	-	70,634
Buildings and improvements	-	1,066,040
Equipment	1,551,005	1,520,329
	1,551,005	2,957,313
Less accumulated depreciation	(1,494,385)	(2,510,231)
	56,620	447,082
Construction in process	-	32,343
	<u>\$ 56,620</u>	<u>\$ 479,425</u>
Reclassification to real estate held for sale from land, buildings, and equipment	<u>\$ 390,036</u>	<u>\$ -</u>

6. OPERATING LEASE—RIGHT-OF-USE ASSET AND OBLIGATION:

FEBC leases office space under an operating lease expiring in 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 lease requires monthly payments of \$11,282. The discount rate on this lease is 4.79%.

	June 30,	
	2024	2023
Operating lease right-of-use asset	\$ 438,685	\$ 124,884
Operating lease obligation	\$ 439,385	\$ 124,884
Operating lease costs	\$ 99,088	\$ 53,078

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

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

Future minimum lease payments required under the operating lease are as follows:

Year Ending June 30,	
2025	\$ 136,840
2026	139,347
2027	141,854
2028	59,541
	<hr/> 477,582
Less: imputed interest	<hr/> (38,197)
	<hr/> <hr/> \$ 439,385

7. FINANCING LEASE—RIGHT-OF-USE ASSETS AND OBLIGATIONS:

FEBC leases equipment under two noncancelable financing leases expiring at various dates through 2028. 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 of \$980 and \$300, respectively. Discount rates on these leases are 3.60% to 4.27%, respectively.

	June 30,	
	<hr/> 2024	<hr/> 2023
Financing lease right-of-use assets	\$ 52,171	\$ 66,155
Financing lease obligations	\$ 53,394	\$ 66,482
Finance lease costs:		
Amortization of right-of-use assets	\$ 13,984	\$ 3,766
Interest on lease liabilities	\$ 2,272	\$ 701
Weighted-average discount rate	3.75%	3.75%
Weighted-average remaining lease term	3.48 years	4.33 years

Future minimum lease payments required under the operating lease are as follows:

Year Ending June 30,	
2025	\$ 15,360
2026	15,360
2027	15,360
2028	11,220
	<hr/> 57,300
Less: imputed interest	<hr/> (3,906)
	<hr/> <hr/> \$ 53,394

# **FAR EAST BROADCASTING COMPANY, INC.**

## **Notes to Financial Statements**

June 30, 2024 and 2023

### **8. FIDUCIARY OBLIGATIONS:**

#### **CHARITABLE SAVINGS AGREEMENTS**

FEBC has established a plan whereby donors are paid an income return based on charitable savings amounts placed on deposit with FEBC. The donor is permitted to demand repayment of the charitable savings amount under certain circumstances. Any unpaid income, along with the charitable savings amount on deposit, are transferred to FEBC upon the death of the donor.

Since the agreements are revocable, the principal amount is included in fiduciary obligations in the statements of financial position. Income earned on the assets and expenses, including amounts paid to donors, are reflected on the statements of activities under change in fiduciary obligations.

#### **GIFT ANNUITIES**

FEBC has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. This transaction provides for a portion of the transfer to be considered a charitable contribution for income tax purposes.

The difference between the amount contributed for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as net assets without donor restrictions in the fiduciary fund at the date of the gift.

The present value of the expected payments to the annuitants over their life expectancy is included in fiduciary obligations on the statements of financial position. The annuity liability is revalued annually based upon actuarially computed present values.

The change in the amount of the liabilities, net of investment income, annuitant payments, and terminations is reflected on the statements of activities under change in fiduciary obligations.

#### **IRREVOCABLE AGREEMENTS**

As trustee, FEBC administers irrevocable trusts, including charitable remainder unitrusts and charitable remainder annuity trusts. These trusts provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated parties.

The difference between the amount contributed and the liability for future payments, determined on an actuarial basis, is recognized as net assets with donor restrictions in the fiduciary fund at the date of the gift. The difference between the assets in the trust and the liabilities is reported on the statements of financial position as net assets with donor restrictions.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

8. FIDUCIARY OBLIGATIONS, continued:

IRREVOCABLE AGREEMENTS, continued

The present value of the expected payments to the trustors over their life expectancies is included in fiduciary obligations on the statements of financial position. The change in the amount of the liabilities, net of investment income, trustor payments and terminations, is reflected in the statements of activities under change in fiduciary obligations.

The expected future interest of beneficiaries other than FEBC is included in fiduciary obligations on the statements of financial position.

The discount rate used in calculating the present value approximates the interest rates on 30-year treasury securities at the time the trust agreements are created. The discount rate is not subsequently revised.

Fiduciary obligations consist of:

	June 30,	
	2024	2023
Gift annuity liabilities	\$ 1,265,296	\$ 1,349,557
Irrevocable agreements	232,946	246,213
Amounts due to other beneficiaries	319,148	310,430
Charitable savings agreements	3,010	3,010
	<u>\$ 1,820,400</u>	<u>\$ 1,909,210</u>

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

8. FIDUCIARY OBLIGATIONS, continued:

The change in value of fiduciary obligations consists of:

	June 30,	
	2024	2023
Change in value of charitable gift annuities:		
Actuarial change	\$ 70,611	\$ 166,228
Other income		
Maturities	32,151	139,410
Payments and distributions (including miscellaneous expenses)	(212,687)	(447,088)
	<u>(109,925)</u>	<u>(141,450)</u>
Change in value of charitable trusts:		
Interest and dividends	17,605	19,646
Realized and unrealized gains on investments	29,360	25,589
Actuarial change	4,549	107,577
Payments (including miscellaneous expenses)	(37,020)	(123,627)
	<u>14,494</u>	<u>29,185</u>
Change in value of charitable savings agreements:		
Interest and dividends	11,387	10,487
Realized and unrealized gains (losses) on investments	7,856	(4,742)
Payments (including miscellaneous expenses)	(702)	(548)
	<u>18,541</u>	<u>5,197</u>
	<u>\$ (76,890)</u>	<u>\$ (107,068)</u>

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

9. NET ASSETS:

Net assets consist of:

	June 30,	
	2024	2023
Net assets without donor restrictions:		
Undesignated	\$ 6,853,271	\$ 8,687,757
	<u>6,853,271</u>	<u>8,687,757</u>
Designated:		
Designated by board for the Legacy Fund	2,808,270	1,720,231
	<u>2,808,270</u>	<u>1,720,231</u>
Total net assets without donor restrictions	<u>\$ 9,661,541</u>	<u>\$ 10,407,988</u>
Net assets with donor restrictions:		
Operations in foreign countries *	\$ 6,194,930	\$ 5,581,442
Missionary support	538,675	476,372
Investment account held for restricted purposes	290,642	253,951
Irrevocable agreements	512,615	327,517
Other projects	1,872	1,872
	<u>\$ 7,538,734</u>	<u>\$ 6,641,154</u>

\* Net assets restricted by donors for operations in foreign countries as of June 30, 2024 and 2023, includes \$1,087,914 and \$1,154,543, respectively, restricted to support broadcast operations in Southeast Asia. Net assets restricted by donors for operations in foreign countries also includes \$241,204 and \$326,315 restricted for the developmental growth of international Asian ministries as of June 30, 2024 and 2023, respectively.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

10. AFFILIATES:

In connection with its worldwide radio ministry, FEBC provides financial support to certain broadcasting stations, located in various foreign countries, that are not under the direct control of the U.S. office. Financial support was provided and is included in broadcast operations expense as follows:

	June 30,	
	2024	2023
Vietnam	\$ 3,039,000	\$ 2,067,000
Russia and Ukraine	1,232,766	1,270,666
Hong Kong	788,760	741,791
Korea	436,137	719,889
Cambodia	414,393	390,664
Philippines	347,403	321,731
Thailand	308,201	545,531
Mongolia	285,185	270,850
Central Asia	272,730	460,178
Chinese Ministries	123,215	-
Indonesia	117,366	219,795
Taiwan	107,635	104,670
India	95,725	124,643
Japan	69,799	82,420
Other countries	65,866	184,170
Malaysia	50,818	61,046
Pakistan	46,200	74,983
Moldova	45,000	-
South Africa	40,000	128,855
	<u>\$ 7,886,199</u>	<u>\$ 7,768,882</u>

In addition, financial support is provided to, and received from, other FEBC sending fields in England, Australia, Canada, and Asia. Financial support in the amount of \$576,806 and \$849,345 was received from these fields during the years ended June 30, 2024 and 2023, respectively, and is included in contributions in the statements of activities. Financial support was provided to these fields in the amount of \$64,868 and \$178,170, during the years ended June 30, 2024 and 2023, respectively, and is included in broadcast operations expense.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

11. RETIREMENT PLAN:

FEBC has an employee retirement plan under Internal Revenue Code Section 403(b). Under this plan, FEBC contributes 3% of each employee's annual gross salary to his or her individual account. In addition, FEBC will match each employee's contribution up to an additional 3% annually. Employer contributions to this plan were \$159,367 and \$182,592 for the years ended June 30, 2024 and 2023, respectively.

12. JOINT COSTS:

As stated in Note 2, FEBC incurs costs for missionary deputation, which includes time spent performing fundraising functions. These costs are referred to as joint costs and are allocated to program services, general and administrative, and fundraising. Joint cost allocations are as follows:

	June 30,	
	2024	2023
Program services	\$ 415,431	\$ 481,895
Supporting activities:		
General and administrative	1,268	1,471
Fundraising	5,917	6,863
	<u>\$ 422,616</u>	<u>\$ 490,229</u>

13. RELATED PARTY TRANSACTIONS:

For the years ended June 30, 2024 and 2023, FEBC received donated broadcasting time from two separate companies owned by two separate board members. The total donated broadcasting time received was valued \$90,000 and \$90,600, respectively. For the years ended June 30, 2024 and 2023, FEBC paid \$77,000 and \$84,000, respectively, for broadcasting consulting fees to a company owned by a board member.

14. SUBSEQUENT EVENTS:

Subsequent events were evaluated through October 29, 2024, which is the date the financial statements were available to be issued.