



FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2021 and 2020

FOCUS ON THE FAMILY AND AFFILIATES

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplemental Information	
Independent Auditors' Report on Supplemental Information	23
Consolidating Statement of Financial Position - September 30, 2021	24
Consolidating Statement of Financial Position - September 30, 2020	26
Consolidating Statement of Activities - Year Ended September 30, 2021	28
Consolidating Statement of Activities - Year Ended September 30, 2020	29

INDEPENDENT AUDITORS' REPORT

Board of Directors
Focus on the Family and Affiliates
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of Focus on the Family and Affiliates, which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Focus on the Family and Affiliates
Colorado Springs, Colorado

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Focus on the Family and Affiliates as of September 30, 2021 and 2020, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
February 18, 2022

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Financial Position (in thousands)

	September 30,	
	2021	2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 38,088	\$ 14,440
Cash restricted for long-term purposes	3,000	3,000
Accounts receivable–net	565	607
Inventory	1,306	1,151
Pledges receivable–net	368	101
Prepaid expenses	4,598	4,992
Investments	12,315	10,563
	60,240	34,854
Film production costs–net	96	100
Long-term investments	989	2,459
Property held for investment	1,529	1,529
Other assets	1,962	1,889
Property and equipment–net	31,814	30,115
Endowment assets	547	368
	\$ 97,177	\$ 71,314
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 5,639	\$ 3,450
Accrued expenses	3,707	4,535
Deferred revenue	4,508	4,414
Current portion of charitable gift annuities liability	301	369
	14,155	12,768
Long-term liabilities	483	715
Charitable gift annuities liability–net of current portion	2,213	2,423
Total Liabilities	16,851	15,906
Net assets:		
Without donor restrictions	62,844	41,860
With donor restrictions:		
Restricted by purpose and time	17,141	13,307
Restricted in perpetuity	341	241
Total Net Assets	80,326	55,408
Total Liabilities and Net Assets	\$ 97,177	\$ 71,314

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Activities (in thousands)

	Year Ended September 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 76,695	\$ 32,602	\$ 109,297	\$ 55,573	\$ 28,654	\$ 84,227
Sales	9,884	-	9,884	8,504	-	8,504
Royalty and licensing revenue	1,925	-	1,925	1,737	-	1,737
Investment income	211	-	211	205	-	205
Event revenue	6,280	-	6,280	3,964	-	3,964
Change in value of annuities	1,713	-	1,713	300	-	300
Loss from joint ventures	(47)	-	(47)	(165)	-	(165)
Other revenue	2,009	-	2,009	2,140	-	2,140
Total Support and Revenue	98,670	32,602	131,272	72,258	28,654	100,912
NET ASSETS RELEASED:						
Time restrictions	219	(219)	-	202	(202)	-
Purpose restrictions	28,449	(28,449)	-	29,370	(29,370)	-
Total Net Assets Released	28,668	(28,668)	-	29,572	(29,572)	-
EXPENSES:						
Program services:						
Marriage	27,576	-	27,576	24,545	-	24,545
Parenting	29,237	-	29,237	29,005	-	29,005
Evangelism and discipleship	17,078	-	17,078	15,594	-	15,594
Advocacy	13,188	-	13,188	11,222	-	11,222
Citizenship	3,106	-	3,106	3,596	-	3,596
	90,185	-	90,185	83,962	-	83,962
Supporting activities:						
General and administrative	7,265	-	7,265	7,300	-	7,300
Fundraising	8,904	-	8,904	6,389	-	6,389
Total Expenses	106,354	-	106,354	97,651	-	97,651
Change in Net Assets	20,984	3,934	24,918	4,179	(918)	3,261
Net Assets, Beginning of Year	41,860	13,548	55,408	37,681	14,466	52,147
Net Assets, End of Year	\$ 62,844	\$ 17,482	\$ 80,326	\$ 41,860	\$ 13,548	\$ 55,408

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Functional Expenses (in thousands)

Year Ended September 30, 2021

	Program Services						Supporting Activities			2021 Total Expenses
	Marriage	Parenting	Evangelism / Discipleship	Advocacy	Citizenship	Total	General and Administrative	Fundraising	Total	
Salaries and benefits	\$ 13,217	\$ 14,629	\$ 8,943	\$ 4,491	\$ 1,854	\$ 43,134	\$ 3,790	\$ 4,459	\$ 8,249	\$ 51,383
Broadcast and publications	8,444	10,400	4,312	5,173	767	29,096	217	1,885	2,102	31,198
Office and technology	2,163	2,618	2,185	916	305	8,187	2,213	485	2,698	10,885
Events and travel	1,464	484	398	987	85	3,418	234	1,956	2,190	5,608
Depreciation and amortization	866	902	1,087	363	79	3,297	811	119	930	4,227
Grants and benevolence	1,422	204	153	1,258	16	3,053	-	-	-	3,053
Total Expenses	\$ 27,576	\$ 29,237	\$ 17,078	\$ 13,188	\$ 3,106	\$ 90,185	\$ 7,265	\$ 8,904	\$ 16,169	\$ 106,354

Year Ended September 30, 2020

	Program Services						Supporting Activities			2020 Total Expenses
	Marriage	Parenting	Evangelism / Discipleship	Advocacy	Citizenship	Total	General and Administrative	Fundraising	Total	
Salaries and benefits	\$ 12,619	\$ 15,110	\$ 7,806	\$ 3,480	\$ 2,053	\$ 41,068	\$ 4,054	\$ 4,113	\$ 8,167	\$ 49,235
Broadcast and publications	6,794	9,871	4,379	4,561	902	26,507	310	1,390	1,700	28,207
Office and technology	2,113	2,179	1,655	768	414	7,129	1,914	352	2,266	9,395
Depreciation and amortization	902	1,144	1,087	280	107	3,520	847	117	964	4,484
Events and travel	1,292	332	374	1,617	42	3,657	-	-	-	3,657
Grants and benevolence	825	369	293	516	78	2,081	175	417	592	2,673
Total Expenses	\$ 24,545	\$ 29,005	\$ 15,594	\$ 11,222	\$ 3,596	\$ 83,962	\$ 7,300	\$ 6,389	\$ 13,689	\$ 97,651

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Consolidated Statements of Cash Flows (in thousands)

	Year Ended September 30,	
	2021	2020
OPERATING ACTIVITIES:		
Change in net assets	\$ 24,918	\$ 3,261
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of property and equipment	4,148	4,191
Amortization of film production costs	79	293
Realized loss on sale and disposal of assets	321	62
Reinvested interest and dividends	(125)	(197)
Net realized and unrealized gain on investments and endowment assets	(86)	(8)
Change in value of annuities	(1,713)	(300)
Changes in operating assets:		
Accounts receivable	42	(37)
Inventory	(155)	56
Prepaid expenses	394	(1,756)
Pledges receivable	(267)	56
Other assets	(73)	501
Changes in operating liabilities:		
Accounts payable and long-term liabilities	1,957	(2,069)
Accrued expenses	(828)	328
Deferred revenue	94	242
Net Cash Provided by Operating Activities	28,706	4,623
INVESTING ACTIVITIES:		
Purchases of property and equipment	(6,168)	(2,827)
Purchases of investments	(109)	(1,364)
Proceeds from sales of investments	1,807	2,425
Proceeds from sales of property and equipment	-	11
Payments for film production	(75)	-
Purchase of gift annuity investments	(758)	(345)
Proceeds from sales of gift annuity investments	284	359
Net Cash Used by Investing Activities	(5,019)	(1,741)
FINANCING ACTIVITIES:		
Payments on gift annuities	(284)	(359)
Proceeds from issuance of new charitable gift annuities	245	123
Net Cash Used by Financing Activities	(39)	(236)
Net Change in Cash, Cash Equivalents, and Restricted Cash	23,648	2,646
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	17,440	14,794
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 41,088	\$ 17,440
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTS OF:		
Cash and cash equivalents	\$ 38,088	\$ 14,440
Cash restricted for long-term purposes	3,000	3,000
Total Cash, Cash Equivalents, and Restricted Cash	\$ 41,088	\$ 17,440

See notes to consolidated financial statements

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

1. NATURE OF ORGANIZATIONS:

Focus on the Family (FOF) is a non-denominational church whose primary objective is to cooperate with the Holy Spirit in sharing the Gospel of Jesus Christ with as many people as possible by nurturing and defending the God-ordained institution of the family and promoting Biblical truths worldwide. The mission of Focus on the Family is accomplished through many ministry activities that include radio broadcasts, periodicals, books, films, videos, internet, and events which share the Gospel of Jesus Christ with constituents, schools, churches, and the public at large in the United States, as well as around the world. The primary sources of revenue are contributions from individuals, businesses, foundations, sales of books and audio-visual materials, and events.

FOF is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, FOF is subject to federal income tax on any unrelated business taxable income. In addition, FOF is not classified as a private foundation within the meaning of Section 509(a) of the IRC. It has been recognized by the IRS as a public charity under Section 509(a)(2) and is a church under Section 170 (b)(1)(A)(i).

Pine Creek Entertainment, LLC (PCE) produces feature-length documentary films that explore and reveal God's design for the family. PCE produced the films Irreplaceable and Dropbox; these are part of a planned series of feature-length documentaries that recover, renew, and reclaim the conversation about God's design for the family. PCE was formed on March 11, 2011 under the laws of Colorado. PCE's legal year-end is December 31, however, for comparability the presentation in the consolidated financial statements reflects the balances and activities for the years ended September 30, 2021 and 2020.

RezilientKidz (RK) was organized on March 11, 2011, as a nonprofit educational corporation under the laws of Colorado and is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, RK is subject to federal income tax on any unrelated business taxable income. In addition, RK is not classified as a private foundation within the meaning of Section 509(a) of the IRC. RK is a charitable, educational, and scientific organization created to champion the needs of children and equip parents to build thriving, healthy families through research, community initiatives, and reliable content.

Focus on the Family Latin America, Sociedad Anonima, whose translation into Spanish is Enfoque A La Familia America Latina, Sociedad Anonima, and may be abbreviated Focus on the Family Latin America, S.A. (FocusLA), was organized on July 22, 2020, as a for-profit corporation under the laws of Costa Rica. FocusLA delivers meaningful help to families in the Spanish-speaking world, by engaging and partnering with Families, the Church, Government, Education, Business, and Media, through a High Leverage, Scalable and Sustainable programming.

PCE, RK, and FocusLA are legally recognized entities that FOF operates. PCE, RK, and FocusLA have common board members and officers, as well as some common management with FOF.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

FOF maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the consolidated financial resources and activities of FOF, PCE, RK, and FocusLA which will be collectively referred to as Focus. All material transactions and balances between the entities have been eliminated in the consolidation.

CASH AND CASH EQUIVALENTS

Focus considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash includes demand deposit accounts, commercial paper, and money market accounts recorded at cost, which approximates fair value. As of September 30, 2021 and 2020, Focus has cash and cash equivalents on deposit with financial institutions, including restricted cash, that exceed the federally insured (FDIC) balance. Amounts exceeding the FDIC limits are covered by other insurance provided through a network of financial institutions. Focus has not experienced any losses in such accounts and believe they are not exposed to any significant credit risk on cash and cash equivalents.

CASH RESTRICTED FOR LONG-TERM PURPOSES

Cash restricted for long-term purposes consists of amounts restricted by a donor for the future purchase of property and equipment.

INVESTMENTS

Investments are carried at fair market value, with realized and unrealized gains and losses included as revenue without donor restrictions in the consolidated statements of activities. Certificates of deposit are recorded at cost. Donated investments are recorded at the fair market value on the date of donation and thereafter carried in accordance with the above provisions.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of receivables from events, licensees, trade sales, and tenant improvements. Accounts receivable are net of an allowance for uncollectible accounts of \$0 and \$3,000, as of September 30, 2021 and 2020, respectively. The allowance for doubtful accounts is maintained at a level that, in management's judgment, is adequate to absorb possible losses. The amount is based upon an analysis of overall trade receivables by management that includes, but is not limited to, the historical experience of payment patterns from the customer, financial condition of the customer, other known facts and circumstances and general economic conditions. This process is based on estimates, and ultimately losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for doubtful accounts in the period in which they become known. Receivables are written off when all methods of collection have been exhausted.

INVENTORY

Inventory consists of books, literature, and audio-visual materials, which are recorded at the lower of cost or net realizable value, using the weighted-average cost method (this method approximates the first-in first-out methodology).

PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to give that are recognized as assets and support in the period made and are recorded at their estimated net present value. The recorded value includes an allowance for uncollectible amounts of approximately \$49,000 and \$56,000, as of September 30, 2021 and 2020, respectively. This allowance is calculated based on the historical collectability of the related pledges.

PREPAID EXPENSES

Prepaid expenses mainly consist of prepaid service contracts and advance royalties as of September 30, 2021 and 2020.

PROPERTY HELD FOR INVESTMENT

As of September 30, 2021 and 2020, management has reclassified a total of \$1,528,603 from property and equipment to property held for investment. As of September 30, 2021 and 2020, FOF has recorded this property held for investment as a non-current asset to fund future investments in the Highlands at Briargate I, LLC. Property held for investment is held at the lower of cost or fair market value.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FILM PRODUCTION COSTS

Film production costs are amortized over the estimated period during which the related income is expected to be earned (three to five years). At September 30, 2021 and 2020, accumulated amortization was approximately \$31,311,000 and \$31,232,000, respectively. Focus periodically reviews film production costs for impairment, retirement, or abandonment. Upon impairment, retirement, or abandonment, the cost of the assets disposed of and the related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected.

PROPERTY AND EQUIPMENT—NET

Property and equipment are recorded on the basis of cost, or estimated fair value if donated. Focus capitalizes most purchases in excess of \$20,000, with lesser amounts expensed in the year purchased. Software purchases are capitalized if the amount is in excess of \$100,000. Upon retirement or sale, the cost of the assets disposed of and the related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in operations for the period. Depreciation and amortization are provided using the straight-line method over the following estimated useful lives of the assets:

	<u>Estimated Useful Lives</u>
Land improvements	10 years
Buildings and building improvements	20-30 years
Furniture, equipment, and software	2-7 years
Website	3 years

LETTER OF CREDIT

During both of the years ended September 30, 2021 and 2020, FOF maintained a letter of credit with a bank in the amount of \$314,376 for the benefit of the Colorado Department of Labor and Employment. If FOF were to fail to pay unemployment obligations, the bank could draw upon this letter of credit to pay the obligation. As of September 30, 2021 and 2020, there were no outstanding balances on the letter of credit and there were no draws during the fiscal years ended September 30, 2021 and 2020. The letter of credit expired July 3, 2021.

SURETY BONDS

FOF entered into a surety bond with the Colorado Department of Labor and Employment, secured by the assets of FOF, in July 2021 for an amount of \$203,824. The bond is effective until July 2023. There were no draws on the surety bond during the fiscal year ended September 30, 2021.

FOF entered into a surety bond with the Michigan Department of Labor and Economic Opportunity, secured by the assets of FOF, in February 2020 for an amount of \$22,272. The bond is effective until December 2023. There were no draws on the bond during the fiscal year ended September 30, 2021.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

DEFERRED INCOME

Deferred revenue is recorded for the unearned portion of subscriptions, event pre-registrations, tuition, advertising, and the advance royalties received on book and film resources. Revenue is recognized as earned; when the related products are fulfilled or events are held. As of September 30, 2021 and 2020, \$406,000 and \$676,000, respectively of deferred income was collected from various donors related to a conditional pledge. For 2021, if \$680,000 is collected before the end of the pledge period, other donors will match the \$680,000 and all funds will be recognized as revenue by Focus. If this threshold is not met, Focus must return all amounts collected to the various donors. For 2020, the match was met and all the revenue was recognized.

CLASSES OF NET ASSETS

The net assets of Focus are reported in the following categories:

Net assets without donor restrictions consist of amounts currently available for use in the ministries of Focus and resources invested in property and equipment. During the years ended September 30, 2021 and 2020, the reserve for annuities kept by Focus was approximately \$301,000 and \$369,000, respectively.

Net assets with donor restrictions consist of unexpended, donor-restricted contributions and pledges receivable for special projects, and contributions with time restrictions attached, and unexpended endowment funds subject to restriction of gift instruments requiring that the principal be invested in perpetuity. Some disclosures required by the Reporting Endowment Funds subtopic of the Financial Accounting Standards Board Accounting Standards Codification have not been included in these financial statements due to immateriality.

The management of Focus has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Focus classifies as net assets restricted in perpetuity (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. Thus the net assets restricted in perpetuity reflect the historical cost value of the endowment.

Focus has a policy consistent with the intent of the endowment agreement. The primary investment objective of endowment funds is to follow those policies that will preserve the principal value, provide predictable income and, to the extent possible with prudence, increase the principal to offset the long-term effects of inflation. Accordingly, over the long-term, Focus expects the current spending policy to allow its endowment to grow on an annual basis. Actual results in any given year may vary.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. 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 donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

Focus, through media and various publications, offers ministry-related materials to the public. These materials are available whether or not a contribution is made; however, a gift of any amount (GOAA) is requested. During the years ended September 30, 2021 and 2020, material costs of \$876,000 and \$243,000, were incurred, respectively, and are included in expenses in the consolidated statements of activities.

Sales consist primarily of film revenue and books and audio-visual material made to Focus constituents, distributors, and institutions. Revenue for products sold at a point in time is recognized when the performance obligation is satisfied, which is when the product is provided to the customer. Should amounts not be collected when the performance obligation is satisfied, accounts receivable is recorded for the outstanding amount. Performance obligations that are satisfied over a period of time, such as online streaming services and magazine subscriptions, are recognized proportionally over the length of the agreement.

Event revenue consists of Focus ministry events, marriage counseling, marriage enrichment retreats and conferences. Payments received for events are due prior to the event commencing and are recorded as deferred revenue when received. Focus recognizes event revenue within the fiscal year in which the services are provided, which is when the event occurs. Should amounts not be collected when the performance obligation is satisfied, accounts receivable is recorded for the outstanding amount.

FUNCTIONAL ALLOCATION OF EXPENDITURES

The cost of providing the various programs has been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Salaries and benefits are allocated based upon time and effort, property depreciation is allocated based on square footage, equipment depreciation is allocated based on program usage, and remaining costs are allocated based on the purpose of the expense. The detailed schedule of the costs by program is included in the consolidated statements of functional expenses.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING, PROMOTION, AND CIRCULATION COSTS

Focus uses advertising, promotion, and circulation costs to distribute information regarding programs among the audiences served. These costs, expensed as incurred, are (in thousands):

	Year Ended September 30,	
	2021	2020
Advertising	\$ 38	\$ 25
Promotion	5,647	4,470
Circulation costs	226	106
	<u>\$ 5,911</u>	<u>\$ 4,601</u>

ADOPTION OF RECENTLY ISSUED PRONOUNCEMENT

In 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers*. Focus adopted the provisions of this new standard during the year ended September 30, 2021. This new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total.

3. PLEDGES RECEIVABLE:

Pledges receivable consist of (in thousands):

	September 30,	
	2021	2020
Due in less than one year	\$ 417	\$ 157
Less allowance for uncollectible amounts	(49)	(56)
	<u>\$ 368</u>	<u>\$ 101</u>

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

4. FAIR VALUE MEASUREMENTS:

Focus uses appropriate valuation techniques to determine fair value based on inputs available. When available, Focus measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available. Fair values of assets measured on a recurring basis at September 30, 2021 and 2020, are (in thousands):

		Fair Value Measurements Using:	
	September 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments and long-term investments:			
Mutual funds	\$ 5,713	\$ 5,713	\$ -
Fixed income securities	4,104	1,609	2,495
Exchange traded funds	583	583	-
Endowments:			
Mutual funds	307	307	-
Fixed income securities	203	203	-
Exchange traded funds	22	22	-
	10,932	\$ 8,437	\$ 2,495
Reconciling items:			
Certificates of deposit	2,468		
Cash and money market accounts	451		
	2,919		
Total investments, long-term investments, and endowment assets	\$ 13,851		

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

4. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using:	
	September 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments and long-term investments:			
Mutual funds	\$ 4,335	\$ 4,335	\$ -
Fixed income securities	3,904	710	3,194
Exchange traded funds	1,035	1,035	-
Endowments:			
Mutual funds	192	192	-
Fixed income securities	118	118	-
Exchange traded funds	43	43	-
	9,627	\$ 6,433	\$ 3,194
Reconciling items:			
Certificates of deposit	3,449		
Cash and money market accounts	314		
	3,763		
Total investments, long-term investments, and endowment assets	\$ 13,390		

Valuation techniques: Fair value for equities, fixed income securities, mutual funds, and exchange traded funds are based on quoted prices in active markets. Level 2 investments consist of observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

5. INVESTMENTS AND LONG-TERM INVESTMENTS:

Investments at estimated fair value consist of (in thousands):

	September 30,	
	2021	2020
National gift annuities:		
Mutual funds	\$ 5,713	\$ 4,335
Fixed income securities	3,940	2,652
Exchange traded funds	426	805
Money market accounts	423	290
	10,502	8,082
California gift annuities:		
Fixed income securities	164	250
Exchange traded funds	157	231
Money market accounts	13	8
	334	489
Certificates of deposit	2,468	3,449
Corporate bonds	-	1,002
	\$ 13,304	\$ 13,022

Investment income including return from endowment assets, consists of (in thousands):

	Year Ended September 30,	
	2021	2020
Interest and dividends	\$ 125	\$ 197
Realized and unrealized gains	86	8
	\$ 211	\$ 205

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

6. OTHER ASSETS:

Other assets consist of (in thousands):

	September 30,	
	2021	2020
Investment in joint ventures	\$ 1,138	\$ 1,185
Deferred expenses	574	362
Other	178	222
Deferred rent asset	72	120
	<u>\$ 1,962</u>	<u>\$ 1,889</u>

During the year ended September 30, 2015, FOF entered into a joint venture agreement to become a member of Highlands at Briargate I, LLC. (HBI), for the purpose of developing and constructing a retail shopping center. In December 2017, FOF contributed 8.1 acres to HBI in exchange for an ownership percentage of 25%. This is recorded as an investment in joint ventures and included in other assets on the consolidated statements of financial position as of September 30, 2021 and 2020. During the years ended September 30, 2021 and 2020, several buildings continued to be constructed and tenants commenced operations.

HBI's legal year-end is December 31, however, for comparability the presentation in the consolidated financial statements reflects the balances and activities as of September 30, 2021 and 2020. Unaudited summary financial information (rounded) of HBI is as follows for the periods ended September 30, 2021 and 2020:

	September 30,	
	2021	2020
Total Assets	\$ 12,479,000	\$ 13,779,000
Total Liabilities	\$ 13,298,000	\$ 13,992,000
Net Loss	\$ (12,000)	\$ (348,000)

During the year ended September 30, 2017, FOF entered into a joint venture agreement to become a member of Highlands at Briargate II, LLC. (HBII), for the purpose of developing and constructing a senior living center. In December 2017, FOF contributed 4.5 acres to HBII in exchange for an ownership percentage of 75%. This is recorded as an investment in joint ventures and included in other assets on the consolidated statements of financial position as of September 30, 2021 and 2020. During the year ended September 30, 2019, construction began and was completed during the year ended September 30, 2021. This center is now operating.

HBII's legal year-end is December 31, however, for comparability the presentation in the consolidated financial statements reflects the balances and activities as of September 30, 2021 and 2020. Unaudited summary financial information (rounded) of HBII is as follows for the period ended September 30, 2021 and 2020:

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

6. OTHER ASSETS, continued:

	September 30,	
	2021	2020
Total Assets	\$ 1,938,000	\$ 1,962,000
Total Liabilities	\$ 147,000	\$ 311,000
Net income	\$ 115,000	\$ 102,700

FOF's investment in both joint ventures is being recorded on the equity method as it does not manage the ongoing operations of the ventures.

7. PROPERTY AND EQUIPMENT—NET:

Property and equipment-net consists of (in thousands):

	September 30,	
	2021	2020
Land	\$ 5,785	\$ 5,785
Land improvements	5,335	4,130
Buildings and building improvements	65,448	66,230
Furniture, equipment, and software	26,455	35,462
Website	522	6,406
	103,545	118,013
Accumulated depreciation and amortization	(72,980)	(87,898)
	30,565	30,115
Projects in progress	1,249	-
	\$ 31,814	\$ 30,115

8. ENDOWMENT ASSETS:

Endowment assets consist of (in thousands):

	September 30,	
	2021	2020
Mutual funds	\$ 307	\$ 193
Fixed income securities	203	118
Exchange traded funds	22	42
Money market funds	15	15
	\$ 547	\$ 368

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

9. LIQUIDITY AND FUNDS AVAILABLE:

The following table (in thousands) reflects Focus' financial assets as of September 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, due to state required annuity reserves, trust requirements, assets being held for others, or perpetual endowment accumulated earnings net of appropriations within one year.

	September 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 38,088	\$ 14,440
Cash restricted for long-term purposes	3,000	3,000
Accounts receivable–net	565	607
Pledges receivable–net	368	101
Investments	13,304	13,022
Investment in joint ventures	1,138	1,185
Endowment assets	547	368
Financial assets, at year-end	57,010	32,723
Less those unavailable for general expenditure within one year, due to:		
Cash restricted for long-term purposes	(3,000)	(3,000)
Contributions not available for general expenditure	(2,927)	(3,933)
State required annuity reserves	(3,931)	(4,047)
Investment in joint ventures	(1,138)	(1,185)
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	(547)	(368)
Financial assets available to meet cash needs for general expenditures within one year	\$ 45,467	\$ 20,190

Focus has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows through board meetings and detailed financial analysis.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

10. CHARITABLE GIFT ANNUITIES:

Upon receipt of charitable gift annuities, the actuarially computed present value of future payments is recognized as a liability, and the difference between the liability and the face value of the annuity is recognized as a contribution without donor restrictions. Subsequently, annuities payable are revalued annually using the federal mortality rates and discount factors applied at inception. Assets funding charitable gift annuities are included in investments.

Change in value of charitable gift annuities consists of (in thousands):

	Year Ended September 30,	
	2021	2020
Interest and dividend income	\$ 142	\$ 136
Net realized and unrealized gains	1,362	279
Actuarial change in charitable gift annuity liability	(244)	(239)
Charitable gift annuity maturities	453	124
	<u>\$ 1,713</u>	<u>\$ 300</u>

11. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following (in thousands):

	September 30,	
	2021	2020
Sanctity of Human Life	\$ 8,296	\$ 4,162
Marriage	7,339	8,412
Evangelism	665	343
Endowment	547	241
Pledges receivable	368	101
Parenting	267	289
	<u>\$ 17,482</u>	<u>\$ 13,548</u>

12. RETIREMENT PLAN:

FOF sponsors a defined contribution retirement plan under section 403(b) of the Internal Revenue Code covering substantially all regular, full-time employees meeting certain eligibility requirements. FOF provides a matching discretionary contribution of 3% to 6% of participant compensation, depending on years of service. It is FOF's policy to fund the retirement plan costs. Total contributions for the years ended September 30, 2021 and 2020, were approximately \$1,365,000 and \$1,320,000, respectively.

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

13. ALLOCATION OF JOINT COSTS:

During the years ended September 30, 2021 and 2020, Focus incurred joint costs for informational materials and activities that included fundraising appeals. These programs include various newsletters, magazines, and constituent relations. Costs associated with the various programs have been allocated in the consolidated statements of activities according to their functional classification as follows (in thousands):

	Year Ended September 30,	
	2021	2020
Program services:		
Parenting	\$ 6,041	\$ 6,797
Evangelism and discipleship	1,911	956
Marriage	1,173	1,212
Advocacy	982	181
Citizenship	259	295
	<u>10,366</u>	<u>9,441</u>
Fundraising	1,629	1,460
	<u>\$ 11,995</u>	<u>\$ 10,901</u>

14. COMMITMENTS:

Focus has entered into various service agreements with unrelated third party vendors. Lease expenses for the years ended September 30, 2021 and 2020, were \$497,000 and \$470,000, respectively. Future minimum payments required under lease agreements and other contractual obligations as of the year ended September 30, 2021, are (in thousands):

<u>Year Ending September 30,</u>	
2022	\$ 614
2023	582
2024	424
2025	137
2026	96
	<u>96</u>
	<u>\$ 1,853</u>

FOCUS ON THE FAMILY AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

15. FUTURE LEASE INCOME:

Focus has entered into various lease agreements with unrelated third party tenants. Lease income for the years ended September 30, 2021 and 2020, was approximately \$888,000 and \$943,000, respectively. Future minimum lease income under these agreements in effect as of the year ended September 30, 2021, are (in thousands):

<u>Year Ending September 30,</u>		
2022	\$	487
2023		278
2024		249
2025		249
2026		207
		<hr/>
	\$	1,470
		<hr/>

16. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to volatility in financial markets.

During this time Focus has continued to reach out to its constituents and serve them in ways befitting this new environment. Management has restricted travel to protect both the Focus team and those they may come in contact with. Focus has been able to move some events and interactions online while still being able to produce and distribute the Focus on the Family Daily Broadcast. Focus has shared a variety of family-oriented content via a streaming platform called Focus@Home during the year ended September 30, 2020. The main office workforce is mostly working remotely and it has still been possible to continue on-site counseling and marriage programming at the marriage retreat centers, depending on local conditions and regulations.

Management is carefully monitoring the situation and evaluating its options as circumstances evolve. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of Focus for future periods.

17. SUBSEQUENT EVENTS:

Subsequent to the year ended September 30, 2021, Focus renewed a lease with a third party tenant through December of 2024. The agreement requires the tenant to pay Focus \$482,621 per year.

Subsequent events were evaluated through February 18, 2022, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
Focus on the Family and Affiliates
Colorado Springs, Colorado

We have audited the consolidated financial statements of Focus on the Family and Affiliates as of and for the years ended September 30, 2021 and 2020, and our report thereon dated February 18, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Colorado Springs, Colorado
February 18, 2022

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2021

	Focus on the Family	Affiliates	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 37,745,205	\$ 342,386	\$ -	\$ 38,087,591
Cash restricted for long-term purposes	3,000,000	-	-	3,000,000
Accounts receivable–net	774,488	-	(209,635)	564,853
Inventory	1,243,584	62,824	-	1,306,408
Pledges receivable	367,846	-	-	367,846
Prepaid expenses	4,599,356	-	-	4,599,356
Investments	12,314,790	-	-	12,314,790
	60,045,269	405,210	(209,635)	60,240,844
Film production costs–net	95,984	-	-	95,984
Long-term investments	989,000	-	-	989,000
Property held for investment	1,528,603	-	-	1,528,603
Other assets	1,961,970	-	-	1,961,970
Investment in subsidiaries	172,595	-	(172,595)	-
Property and equipment–net	31,814,161	-	-	31,814,161
Endowment assets	546,564	-	-	546,564
	97,154,146	405,210	(382,230)	97,177,126
Total Assets	\$ 97,154,146	\$ 405,210	\$ (382,230)	\$ 97,177,126
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	\$ 5,616,418	\$ 232,615	\$ (209,635)	\$ 5,639,398
Accrued expenses	3,706,784	-	-	3,706,784
Deferred revenue	4,507,969	-	-	4,507,969
Current portion of charitable gift annuities liability	301,247	-	-	301,247
	14,132,418	232,615	(209,635)	14,155,398
Long-term liabilities	483,048	-	-	483,048
Charitable gift annuities liability– net of current portion	2,213,386	-	-	2,213,386
Total Liabilities	16,828,852	232,615	(209,635)	16,851,832

(continued)

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2021

(continued)

	Focus on the Family	Affiliates	Eliminations	Total
LIABILITIES AND NET ASSETS, continued:				
Net assets:				
Without donor restrictions	62,997,612	(58,016)	(96,014)	62,843,582
With donor restrictions:				
Restricted by purpose and time	16,986,682	154,030	-	17,140,712
Restricted in perpetuity	341,000	-	-	341,000
Total Net Assets	80,325,294	96,014	(96,014)	80,325,294
Stockholders' equity	-	(673,419)	673,419	-
Capital investment	-	750,000	(750,000)	-
	-	76,581	(76,581)	-
Total Liabilities and Net Assets	\$ 97,154,146	\$ 405,210	\$ (382,230)	\$ 97,177,126

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2020

	Focus on the Family	Affiliates	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 14,137,301	\$ 302,353	\$ -	\$ 14,439,654
Cash restricted for long-term purposes	3,000,000	-	-	3,000,000
Accounts receivable–net	883,107	-	(275,740)	607,367
Inventory	1,096,316	54,839	-	1,151,155
Pledges receivable	101,367	-	-	101,367
Prepaid expenses	4,992,219	-	-	4,992,219
Investments	10,563,487	-	-	10,563,487
	34,773,797	357,192	(275,740)	34,855,249
Property held for investment	1,528,603	-	-	1,528,603
Film production costs–net	100,335	-	-	100,335
Other assets	1,889,302	-	-	1,889,302
Long-term investments	2,459,397	-	-	2,459,397
Investment in subsidiaries	77,125	-	(77,125)	-
Property and equipment–net	30,115,048	-	-	30,115,048
Endowment assets	367,820	-	-	367,820
	1,528,603	-	-	1,528,603
	100,335	-	-	100,335
	1,889,302	-	-	1,889,302
	2,459,397	-	-	2,459,397
	77,125	-	(77,125)	-
	30,115,048	-	-	30,115,048
	367,820	-	-	367,820
Total Assets	\$ 71,311,427	\$ 357,192	\$ (352,865)	\$ 71,315,754
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	\$ 3,448,394	\$ 277,102	\$ (275,740)	\$ 3,449,756
Accrued expenses	4,532,305	2,965	-	4,535,270
Deferred revenue	4,413,969	-	-	4,413,969
Current portion of charitable gift annuities liability	368,845	-	-	368,845
	12,763,513	280,067	(275,740)	12,767,840
Long-term liabilities	714,836	-	-	714,836
Charitable gift annuities liability– net of current portion	2,422,975	-	-	2,422,975
Total Liabilities	15,901,324	280,067	(275,740)	15,905,651

(continued)

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Financial Position

September 30, 2020

(continued)

	Focus on the Family	Affiliates	Eliminations	Total
LIABILITIES AND NET ASSETS, continued:				
Net assets:				
Without donor restrictions	42,007,583	(141,697)	(3,554)	41,862,332
With donor restrictions:				
Restricted by purpose and time	13,161,520	145,251	-	13,306,771
Restricted in perpetuity	241,000	-	-	241,000
Total Net Assets	55,410,103	3,554	(3,554)	55,410,103
Stockholders' equity, net	-	(676,429)	676,429	-
Capital investment	-	750,000	(750,000)	-
	-	73,571	(73,571)	-
Total Liabilities and Net Assets	\$ 71,311,427	\$ 357,192	\$ (352,865)	\$ 71,315,754

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Activities

Year Ended September 30, 2021

	Focus on the Family			Affiliates			Eliminations	Grand Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
SUPPORT AND REVENUE:								
Contributions	\$ 76,627,560	\$ 32,502,590	\$ 109,130,150	\$ 216,930	\$ 99,519	\$ 316,449	\$ (150,000)	\$ 109,296,599
Sales	9,877,620	-	9,877,620	7,353	-	7,353	-	9,884,973
Royalty and licensing revenue	1,919,881	-	1,919,881	4,686	-	4,686	-	1,924,567
Investment income	210,869	-	210,869	201	-	201	-	211,070
Event revenue	6,279,737	-	6,279,737	-	-	-	-	6,279,737
Change in value of annuities	1,712,626	-	1,712,626	-	-	-	-	1,712,626
Gain of subsidiaries	95,470	-	95,470	-	-	-	(95,470)	-
Loss from joint ventures	(47,131)	-	(47,131)	-	-	-	-	(47,131)
Other revenue	2,007,430	-	2,007,430	235	-	235	-	2,007,665
Total Support and Revenue	98,684,062	32,502,590	131,186,652	229,405	99,519	328,924	(245,470)	131,270,106
NET ASSETS RELEASED:								
Time restrictions	219,059	(219,059)	-	-	-	-	-	-
Purpose restrictions	28,358,369	(28,358,369)	-	90,740	(90,740)	-	-	-
Total Net Assets Released	28,577,428	(28,577,428)	-	90,740	(90,740)	-	-	-
EXPENSES:								
Program services:								
Marriage	27,577,245	-	27,577,245	-	-	-	-	27,577,245
Parenting	29,162,905	-	29,162,905	224,441	-	224,441	(150,000)	29,237,346
Evangelism and discipleship	17,078,476	-	17,078,476	187	-	187	-	17,078,663
Advocacy	13,187,396	-	13,187,396	35	-	35	-	13,187,431
Citizenship	3,105,924	-	3,105,924	-	-	-	-	3,105,924
	90,111,946	-	90,111,946	224,663	-	224,663	(150,000)	90,186,609
Supporting activities:								
General and administrative	7,255,849	-	7,255,849	8,791	-	8,791	-	7,264,640
Fundraising	8,903,666	-	8,903,666	-	-	-	-	8,903,666
Total Expenses	106,271,461	-	106,271,461	233,454	-	233,454	(150,000)	106,354,915
Change in Net Assets	20,990,029	3,925,162	24,915,191	86,691	8,779	95,470	(95,470)	24,915,191
Net Assets, Beginning of Year	42,007,583	13,402,520	55,410,103	(68,126)	145,251	77,125	(77,125)	55,410,103
Net Assets, End of Year	\$ 62,997,612	\$ 17,327,682	\$ 80,325,294	\$ 18,565	\$ 154,030	\$ 172,595	\$ (172,595)	\$ 80,325,294

FOCUS ON THE FAMILY AND AFFILIATES

Consolidating Statement of Activities

Year Ended September 30, 2020

	Focus on the Family			Affiliates			Eliminations	Grand Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
SUPPORT AND REVENUE:								
Contributions	\$ 55,552,207	\$ 28,553,814	\$ 84,106,021	\$ 20,887	\$ 100,000	\$ 120,887	\$ -	\$ 84,226,908
Sales	8,496,973	-	8,496,973	6,713	-	6,713	-	8,503,686
Royalty and licensing revenue	1,733,270	-	1,733,270	4,024	-	4,024	-	1,737,294
Investment income	205,447	-	205,447	-	-	-	-	205,447
Event revenue	3,964,372	-	3,964,372	-	-	-	-	3,964,372
Change in value of annuities	300,261	-	300,261	-	-	-	-	300,261
Loss of subsidiaries	(4,984)	-	(4,984)	-	-	-	4,984	-
Loss from joint ventures	(165,217)	-	(165,217)	-	-	-	-	(165,217)
Other revenue	2,130,676	-	2,130,676	9,553	-	9,553	-	2,140,229
Total Support and Revenue	72,213,005	28,553,814	100,766,819	41,177	100,000	141,177	4,984	100,912,980
NET ASSETS RELEASED:								
Time restrictions	202,340	(202,340)	-	-	-	-	-	-
Purpose restrictions	29,316,630	(29,316,630)	-	52,601	(52,601)	-	-	-
Total Net Assets Released	29,518,970	(29,518,970)	-	52,601	(52,601)	-	-	-
EXPENSES:								
Program services:								
Marriage	24,544,999	-	24,544,999	-	-	-	-	24,544,999
Parenting	28,864,465	-	28,864,465	139,002	-	139,002	-	29,003,467
Evangelism and discipleship	15,593,348	-	15,593,348	575	-	575	-	15,593,923
Advocacy	11,221,153	-	11,221,153	199	-	199	-	11,221,352
Citizenship	3,596,323	-	3,596,323	-	-	-	-	3,596,323
	83,820,288	-	83,820,288	139,776	-	139,776	-	83,960,064
Supporting activities:								
General and administrative	7,293,459	-	7,293,459	6,385	-	6,385	-	7,299,844
Fund-raising	6,387,644	-	6,387,644	-	-	-	-	6,387,644
Total Expenses	97,501,391	-	97,501,391	146,161	-	146,161	-	97,647,552
Change in Net Assets	4,230,584	(965,156)	3,265,428	(52,383)	47,399	(4,984)	4,984	3,265,428
Net Assets, Beginning of Year	37,776,999	14,367,676	52,144,675	(15,743)	97,852	82,109	(82,109)	52,144,675
Net Assets, End of Year	\$ 42,007,583	\$ 13,402,520	\$ 55,410,103	\$ (68,126)	\$ 145,251	\$ 77,125	\$ (77,125)	\$ 55,410,103