WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidated Financial Statements
With Independent Auditor's Report and
Supplementary Information

December 31, 2025 and 2024

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

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CAPINCROUSE
A DIVISION OF Carr, Riggs & Ingram

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Word of Life Fellowship, Inc. and Subsidiary
Schroon Lake, New York

Opinion

We have audited the accompanying consolidated financial statements of Word of Life Fellowship, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Word of Life Fellowship, Inc. and Subsidiary as of December 31, 2025 and 2024, 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Word of Life Fellowship, Inc. and Subsidiary 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 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Word of Life Fellowship, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Board of Directors
Word of Life Fellowship, Inc. and Subsidiary
Schroon Lake, New York

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Word of Life Fellowship, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Word of Life Fellowship, Inc. and Subsidiary’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 LLC

New York, New York
June 1, 2026

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

	December 31, 2025	December 31, 2024
ASSETS:		
Cash and cash equivalents	$ 18,931,441	$ 23,195,987
Cash - restricted	-	-
	18,931,441	23,195,987
Bible Institute accounts receivable (net of allowance of 2025 - $345,032 and 2024 - $509,666)	177,760	391,455
Other receivables (net of allowance of 2025 - $539,861 and 2024 - $-0-)	166,985	235,631
Prepaid expenses	1,142,251	814,664
Inventories	588,016	583,127
Pledges receivable, net	1,952,274	14,344,778
Long-term investments	12,406,390	22,065,402
Land, buildings and equipment, net	140,904,628	117,918,618
Total Assets	$ 176,269,745	$ 179,549,662
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 3,773,328	$ 2,875,835
Performance obligation liabilities	1,824,374	1,646,931
Line of credit payable	-	1,000,000
Annuities payable	617,253	655,661
Total liabilities	6,214,955	6,178,427
Net assets:		
Without donor restrictions	154,559,381	145,307,490
With donor restrictions	15,495,409	28,063,745
Total net assets	170,054,790	173,371,235
Total Liabilities and Net Assets	$ 176,269,745	$ 179,549,662

See notes to consolidated financial statements

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidated Statements of Activities

	Years Ended December 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RELEASES:						
Support and revenue:						
Contributions	$ 20,429,572	$ 17,044,408	$ 37,473,980	$ 14,136,053	$ 26,038,583	$ 40,174,636
Government grants	1,223,482	-	1,223,482	36,825	-	36,825
Program income (net of student and camp and conference discounts)	16,879,552	-	16,879,552	16,772,830	-	16,772,830
Bookstore and other sales (net of cost of goods sold in 2025 - $917,169 and 2024 - $862,172)	493,295	-	493,295	576,226	-	576,226
Interest and dividend income, net	913,838	94,897	1,008,735	1,518,538	177,933	1,696,471
Realized and unrealized gain (loss) on investments	376,395	43,913	420,308	661,836	(52,804)	609,032
Change in value of annuities payable	38,408	-	38,408	(46,937)	-	(46,937)
Other income (loss)	682,444	(10,114)	672,330	748,226	12,162	760,388
Total support and revenue	41,036,986	17,173,104	58,210,090	34,403,597	26,175,874	60,579,471
Releases:						
Satisfaction of time and program restrictions	24,154,817	(24,154,817)	-	22,613,009	(22,613,009)	-
Satisfaction of building and equipment acquisition restrictions	5,586,623	(5,586,623)	-	13,592,981	(13,592,981)	-
Total releases	29,741,440	(29,741,440)	-	36,205,990	(36,205,990)	-
Total Support, Revenue and Releases	70,778,426	(12,568,336)	58,210,090	70,609,587	(10,030,116)	60,579,471

(continued)

See notes to consolidated financial statements

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidated Statements of Activities
(continued)

	Years Ended December 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services:						
Local church ministries	4,229,497	-	4,229,497	4,103,732	-	4,103,732
Bible Institute	16,202,638	-	16,202,638	16,754,252	-	16,754,252
International ministries	23,633,213	-	23,633,213	22,856,625	-	22,856,625
Camps - New York	5,504,375	-	5,504,375	4,403,534	-	4,403,534
Camps - Florida	3,433,530	-	3,433,530	3,098,131	-	3,098,131
Camps - California	560,280	-	560,280	-	-	-
Foundation	1,833,317	-	1,833,317	2,371,842	-	2,371,842
Other ministries	424,141	-	424,141	319,876	-	319,876
Total program services	55,820,991	-	55,820,991	53,907,992	-	53,907,992
Supporting services:						
Management and general	2,699,208	-	2,699,208	2,208,615	-	2,208,615
Development	3,006,336	-	3,006,336	2,459,255	-	2,459,255
Total supporting services	5,705,544	-	5,705,544	4,667,870	-	4,667,870
Total Expenses	61,526,535	-	61,526,535	58,575,862	-	58,575,862
Change in Net Assets	9,251,891	(12,568,336)	(3,316,445)	12,033,725	(10,030,116)	2,003,609
Net Assets, Beginning of Year	145,307,490	28,063,745	173,371,235	133,273,765	38,093,861	171,367,626
Net Assets, End of Year	$ 154,559,381	$ 15,495,409	$ 170,054,790	$ 145,307,490	$ 28,063,745	$ 173,371,235

See notes to consolidated financial statements

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2025

	Program Services									Supporting Services		
	Local Church Ministries	Bible Institute	International Ministries	Camps - New York	Camps - Florida	Camps - California	Foundation	Other Ministries	Total Program Services	Management and General	Development	Total
Grants	$ 8,430	$ 15,149	$ 14,450,173	$ 7,772	$ 2,761	$ -	$ 1,829,496	$ 1,272	$ 16,315,053	$ 10,608	$ 25,493	$ 16,351,154
Salaries and wages	2,083,460	4,791,608	5,293,445	1,046,600	882,646	162,331	-	217,908	14,477,998	773,763	989,032	16,240,793
Depreciation	79,868	3,691,967	22,157	1,245,313	367,552	39,496	-	6,533	5,452,886	116,069	-	5,568,955
Employee benefits	401,379	1,562,812	1,388,204	379,307	215,473	74,119	-	29,964	4,051,258	121,465	237,448	4,410,171
Food	71,602	1,246,188	28,709	949,675	457,606	2,450	-	6,103	2,762,333	10,868	8,095	2,781,296
Travel	304,971	555,003	1,380,592	46,815	45,160	13,581	-	51,945	2,398,067	86,511	101,618	2,586,196
Facility rental and utility costs	464,751	1,101,973	74,236	433,527	522,271	24,847	-	1,492	2,623,097	34,539	287,932	2,945,568
Professional and outside services	106,395	504,582	204,243	303,470	155,947	19,583	-	26,888	1,321,108	170,476	716,559	2,208,143
Repairs and maintenance	57,294	617,274	64,510	353,608	261,885	49,401	-	4,481	1,408,453	24,101	9,145	1,441,699
Supplies	215,736	455,424	169,823	225,147	156,771	7,159	-	63,653	1,293,713	40,356	68,802	1,402,871
Non-capitalizable equipment	114,057	677,242	217,489	272,404	119,964	47,440	-	3,160	1,451,756	11,124	9,724	1,472,604
Other expenses	100,383	291,284	125,771	52,550	49,850	6,158	3,821	336	630,153	1,133,486	32,218	1,795,857
Insurance	90,813	546,546	144,323	153,941	162,877	102,674	-	2,122	1,203,296	13,112	1,601	1,218,009
Cost of goods sold	319,339	186,031	-	325,784	86,015	-	-	-	917,169	-	-	917,169
Printing and postage	124,846	116,182	69,183	14,666	11,305	2,366	-	8,284	346,832	41,291	345,112	733,235
Advertising and promotion	5,512	29,404	355	19,580	21,462	8,675	-	-	84,988	12,420	172,614	270,022
Interest	-	-	-	-	-	-	-	-	-	99,019	943	99,962
Total expenses by function	4,548,836	16,388,669	23,633,213	5,830,159	3,519,545	560,280	1,833,317	424,141	56,738,160	2,699,208	3,006,336	62,443,704
Less expenses included with revenues on the consolidated statement of activities	(319,339)	(186,031)	-	(325,784)	(86,015)	-	-	-	(917,169)	-	-	(917,169)
Total Expenses	$ 4,229,497	$ 16,202,638	$ 23,633,213	$ 5,504,375	$ 3,433,530	$ 560,280	$ 1,833,317	$ 424,141	$ 55,820,991	$ 2,699,208	$ 3,006,336	$ 61,526,535

See notes to consolidated financial statements

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services								Supporting Services		
	Local Church Ministries	Bible Institute	International Ministries	Camps - New York	Camps - Florida	Foundation	Other Ministries	Total Program Services	Management and General	Development	Total
Grants	$ 9,523	$ 17,452	$ 13,907,806	$ 5,905	$ 2,617	$ 2,366,317	$ -	$ 16,309,620	$ 12,680	$ 24,577	$ 16,346,877
Salaries and wages	2,005,843	5,050,750	5,187,753	841,575	790,799	-	226,006	14,102,726	774,747	946,703	15,824,176
Depreciation	82,846	3,648,188	17,972	697,321	264,279	-	3,158	4,713,764	125,021	-	4,838,785
Employee benefits	380,039	1,446,768	1,273,244	243,316	194,589	-	30,482	3,568,438	208,804	194,162	3,971,404
Food	75,022	1,232,683	27,128	894,323	379,635	-	33	2,608,824	18,943	4,687	2,632,454
Travel	294,488	533,284	1,392,732	47,221	59,421	-	41,012	2,368,158	104,570	79,247	2,551,975
Facility rental and utility costs	449,180	1,038,795	72,233	347,837	416,008	-	1,362	2,325,415	24,034	194,966	2,544,415
Professional and outside services	134,094	692,782	160,840	174,856	157,823	-	-	1,320,395	165,096	428,785	1,914,276
Repairs and maintenance	67,907	673,408	79,162	346,604	332,566	-	2,682	1,502,329	63,236	6,705	1,572,270
Supplies	201,339	523,105	155,263	345,006	213,603	-	3,879	1,442,195	34,235	57,812	1,534,242
Non-capitalizable equipment	111,476	727,782	242,195	230,941	89,254	-	-	1,401,648	10,039	24,500	1,436,187
Other expenses	91,980	465,730	104,207	42,730	38,574	5,525	3,938	752,684	552,029	16,088	1,320,801
Insurance	75,322	575,455	142,231	147,142	126,895	-	2,594	1,069,639	11,664	1,767	1,083,070
Cost of goods sold	277,664	234,407	-	195,058	155,043	-	-	862,172	-	-	862,172
Printing and postage	121,044	108,566	100,595	21,774	11,373	-	4,730	368,082	35,467	308,440	711,989
Advertising and promotion	3,629	19,504	(6,736)	16,983	20,695	-	-	54,075	5,355	169,956	229,386
Interest	-	-	-	-	-	-	-	-	62,695	860	63,555
Total expenses by function	4,381,396	16,988,659	22,856,625	4,598,592	3,253,174	2,371,842	319,876	54,770,164	2,208,615	2,459,255	59,438,034
Less expenses included with revenues on the consolidated statement of activities	(277,664)	(234,407)	-	(195,058)	(155,043)	-	-	(862,172)	-	-	(862,172)
Total Expenses	$ 4,103,732	$ 16,754,252	$ 22,856,625	$ 4,403,534	$ 3,098,131	$ 2,371,842	$ 319,876	$ 53,907,992	$ 2,208,615	$ 2,459,255	$ 58,575,862

See notes to consolidated financial statements

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (3,316,445)	$ 2,003,609
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,568,955	4,838,785
Credit loss expense	644,034	154,037
Change in allowance for uncollectible pledges	(106,523)	133,583
Net realized and unrealized gain on investments	(420,308)	(609,032)
Actuarial change in annuities payable, net of investment income	(17,369)	68,704
Gain on sale of assets	-	(324,758)
Contributions restricted for:		
Investment in endowment	-	(95)
Land, buildings and equipment	(5,412,821)	(9,387,518)
Changes in assets and liabilities:		
Bible Institute accounts receivable	(430,339)	(250,692)
Other receivables	68,646	(50,866)
Prepaid expenses	(327,587)	87,611
Inventories	(4,889)	35,673
Pledges receivable	352,186	(1,078,922)
Accounts payable and accrued expenses	(97,051)	385,061
Deferred revenue	177,443	65,586
Net Cash Used in Operating Activities	(3,322,068)	(3,929,234)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for purchase of land, buildings and equipment	(27,560,421)	(20,334,220)
Proceeds from sale of assets	-	530,873
Purchase of investments	(18,758,241)	(32,167,271)
Proceeds from sale of investments	28,837,561	37,907,114
Net Cash Used in Investing Activities	(17,481,101)	(14,063,504)

(continued)

See notes to consolidated financial statements

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows
(continued)

	Years Ended December 31,	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions and collections on pledges restricted for:		
Investment in endowment	-	95
Land, buildings and equipment	17,559,662	11,898,149
Payments on annuity agreements	(92,450)	(86,424)
Face value of new annuities, net of contribution	71,411	63,380
Proceeds from new borrowings on line of credit	2,000,000	2,000,000
Payments of principal on line of credit	(3,000,000)	(1,000,000)
Net Cash Provided by Financing Activities	16,538,623	12,875,200
Net Change in Cash, Cash Equivalents and Restricted Cash	(4,264,546)	(5,117,538)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	23,195,987	28,313,525
Cash, Cash Equivalents and Restricted Cash, End of Year	$ 18,931,441	$ 23,195,987
Cash, Cash Equivalents and Restricted Cash:		
Cash and cash equivalents	$ 18,931,441	$ 23,195,987
Cash - restricted	-	-
	$ 18,931,441	$ 23,195,987
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Cash paid for interest	$ 99,962	$ 63,555
Non-cash investing and financing transactions:		
Additions to land, buildings and equipment	$ 28,554,965	$ 19,817,604
Add: prior year asset additions in accounts payable at prior year end, paid in current year	1,070,677	1,587,293
Less: current year asset additions in accounts payable at year end	(2,065,221)	(1,070,677)
Cash paid for land, buildings and equipment	$ 27,560,421	$ 20,334,220
Disposal of fully depreciated land, buildings and equipment	$ 82,149	$ 219,573

See notes to consolidated financial statements

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

1. NATURE OF ORGANIZATION:

The purpose of Word of Life Fellowship, Inc. (the Fellowship) is worldwide evangelism and discipleship through various means, including camps, evangelistic rallies and outreach, gospel musical/drama productions, Bible Institutes, Bible clubs, and radio. The Fellowship is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Fellowship is subject to federal income tax on any unrelated business taxable income. In addition, the Fellowship is not classified as a private foundation within the meaning of Section 509(a) of the IRC. The Fellowship's primary sources of revenue are contributions and program revenue primarily consisting of Bible Institute, camps and conference revenues.

The Word of Life Foundation, Inc. (Foundation) is organized as a New York nonprofit corporation. The Foundation is organized and operated exclusively to support the overall mission and vision of the Fellowship. The Fellowship oversees the affairs of the Foundation and ensures that all actions of the Foundation are consistent with the mission, vision, values and purposes of the Fellowship. The Foundation is exempt from income taxes under Section 501(c)(3) of the IRC and comparable state laws. However, the Foundation is subject to federal income tax on any unrelated business taxable income. In addition, the Foundation is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASU). The consolidated financial statements do not include the financial position, results of activities, or cash flows of Word of Life affiliated organizations outside of the United States, which are separate foreign corporations not controlled by Word of Life.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial resources and activities of Word of Life Fellowship, Inc. and Word of Life Foundation, Inc. All material transactions and balances between the two organizations have been eliminated in the consolidated financial statements. Word of Life Fellowship, Inc. and Subsidiary shall be referred to as "Word of Life" throughout these notes to the consolidated financial statements.

USE OF ESTIMATES

The preparation of U.S. GAAP consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for credit losses, allowance for uncollectible pledges receivable, allowance for slow moving or obsolete inventory, useful lives of property and equipment, fair value of investments, and allocation of functional expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND CREDIT RISK

Word of Life considers all highly liquid instruments with maturities of three months or less when purchased to be cash and cash equivalents. Certain items meet the definition of cash equivalents but are part of a larger pool of investments and are classified as long-term investments in the consolidated statements of financial position. Restricted cash, if any, includes cash held for building improvements and equipment purchases. At times, these balances may exceed federal deposit insurance (FDIC) limits. At December 31, 2025 and 2024, cash and cash equivalents exceeded FDIC insured limits by approximately $14,992,000 and $20,142,000, respectively.

RECEIVABLES

Bible Institute accounts receivable and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for credit losses based on its assessment of the current status of individual accounts and reasonable and supportable forecasted economic conditions. Word of Life management determines a Bible Institute receivable to be delinquent when the academic year has been completed and a student still has an outstanding payment due and has not made arrangement for such payment. Other receivables balances are considered delinquent when they remain unpaid more than 30 days after the occurrence of the event or service that generated the receivable. Management's policy for placing receivables on nonaccrual status is determined on a case by case basis. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses and a credit to accounts receivable. See Note 5.

INVENTORY

Inventory is stated at the lower of cost or net realizable value using the first-in first-out (FIFO) method and consists of various literature, media, food and other items held for sale, use and distribution. No reserve for obsolescence is recorded because items that are subject to obsolescence are not included in the inventory valuation.

LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment are capitalized at cost at the date of purchase if that cost is in excess of $10,000. Donated land, buildings and equipment are capitalized at fair value on the date of the gift if that value is in excess of $10,000. Expenditures for routine repairs and maintenance are expensed when incurred. When items of land, buildings and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reported as income. Contributions of cash or securities that must be used to acquire land, buildings and equipment are reported as increases in net assets with donor restrictions. Release from net assets with donor restrictions occurs when the land, buildings and equipment are purchased and placed in to service, unless otherwise specified by a donor. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

LAND, BUILDINGS AND EQUIPMENT, continued
Estimated useful lives are:

Buildings and improvements	7 to 50 years
Furniture and equipment	5 to 20 years
Vehicles and boats	3 to 10 years

Land is not depreciated and construction in progress is not depreciated until placed into service.

Word of Life reviews its investment in land, buildings and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such land, buildings and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the land, buildings and equipment to the future net undiscounted cash flow expected to be generated by the assets and any estimated proceeds from the eventual disposition of the assets. If the land, buildings and equipment are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value of such assets. There were no impairment losses recognized in the years ended December 31, 2025 and 2024.

LONG TERM INVESTMENTS
Investments consist of mutual and exchange-traded funds, corporate bonds, US Government securities, municipal bonds, and inter-mission gift annuity investments and are reported at fair value. Cash and cash equivalents held in investment accounts are reported at cost. Interest and dividends and realized and unrealized gains and losses are included as revenue either with or without donor restrictions in the consolidated statements of activities based on the existence or absence of any donor restrictions. Donated securities are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of Word of Life's investments could fluctuate materially. Word of Life maintains custody accounts with various custodians. Although Word of Life monitors the custodians and believes that they are appropriate custodians, there is no guarantee that the custodians, or any other custodians that Word of Life may use from time to time, will not become insolvent. Word of Life believes that, in the event of the insolvency of one of its custodians, some of Word of Life's assets may be unavailable for a period of time, but that it would ultimately have full recovery of its assets.

FAIR VALUE MEASUREMENTS
Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FAIR VALUE MEASUREMENTS, continued
Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:
• Quoted prices for similar assets or liabilities in active markets;
• Quoted prices for identical or similar assets or liabilities in inactive markets;
• Inputs, other than quoted prices, that are observable; or can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

Mutual and exchange-traded funds : Valued at the daily closing price as reported by the fund in active markets.

Corporate bonds, US Government securities and municipal bonds : Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FAIR VALUE MEASUREMENTS, continued
Fair values of assets measured on a recurring basis are as follows:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Long-term investments:				
Corporate bonds	$ -	$ 7,559,410	$ -	$ 7,559,410
Municipal bonds	-	517,085	-	517,085
US Government securities	60,420	-	-	60,420
Mutual and exchange-traded funds	3,266,397	-	-	3,266,397
Inter-mission gift annuity investment	-	47,515	-	47,515
	$ 3,326,817	$ 8,124,010	$ -	11,450,827
Cash and cash equivalents in brokerage accounts, held at cost				955,563
				$ 12,406,390

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Long-term investments:				
Corporate bonds	$ -	$ 6,682,344	$ -	$ 6,682,344
Mutual and exchange-traded funds	6,604,460	-	-	6,604,460
Inter-mission gift annuity investment	-	48,626	-	48,626
	$ 6,604,460	$ 6,730,970	$ -	13,335,430
Cash and cash equivalents in brokerage accounts, held at cost				8,729,972
				$ 22,065,402

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ANNUITIES PAYABLE

Word of Life has established a charitable gift annuity plan whereby donors may contribute assets to Word of Life, in exchange for the right to receive a fixed dollar annual return during their lifetimes. These transactions provide for a portion of the transfer to be considered a charitable contribution for income tax purposes at the date of the gift. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries are recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The difference between the amount of the annuity and the liability for future payments, determined on an actuarial basis, is recognized as a contribution without donor restrictions at the date of the gift. Upon the death of the annuitant (or the last joint annuitant) income distributions cease. The annuity liability is revalued annually using a discount rate established at the inception of the agreement and appropriate actuarial assumptions. The resulting actuarial gain or loss is recorded as change in value in the consolidated statements of activities. Word of Life is required to maintain legally mandated reserves for the States of New York and New Jersey. At December 31, 2025 and 2024, Word of Life was in compliance with each of these requirements.

CLASSES OF NET ASSETS

The net assets of Word of Life are classified into net asset categories as follows:

Net assets without donor restrictions include gifts for the general operations of Word of Life not subject to donor restrictions, donor advised funds, those resources invested in land, building and equipment (net of related debt) and required annuity reserves.

Net assets with donor restrictions are those contributed with donor stipulations for specific operating purposes and programs, those with time restrictions or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interest has ceased. Net assets with donor restrictions also include pledges receivable, additional annuity reserves required by state law, Word of Life's interest in properties subject to life estates and accumulated endowment earnings that are restricted by the donor for a particular purpose or whose use is unrestricted but has not yet been appropriated for expenditure. Net assets with donor restrictions also include those that are subject to donor-imposed restrictions that will never lapse, thus requiring the funds to be permanently retained. Generally, the donors of these funds permit Word of Life to use all or part of the income earned on related investments or other assets, and the net capital appreciation thereon, for general or specific purposes.

DONOR ADVISED FUNDS

Word of Life maintains certain donor advised funds which are funds that are separately identified on the books and records of Word of Life by reference to contributions by a donor or donors. These funds are owned and controlled by Word of Life, with respect to which such donor (or other persons appointed or designated by such donor) has, or reasonably expects to have, advisory privileges with respect to the distribution or investment of amounts held in such funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND RELEASES

Contributions are recorded when made, which may be when cash is received, or when unconditional promises are made. Contributions restricted by the donor for a specific purpose are recorded as support in net assets with donor restrictions until funds have been expended by Word of Life for the purposes specified. Upon satisfaction of the restriction, net assets with donor restrictions are released and reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donated assets are recorded at their fair market value on the date of donation.

Unconditional promises to give (pledges) are reported at net realizable value if, at the time the promise is made, payment is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed, when appropriate, using interest rates commensurate with the risks involved. Amortization of the discount is included in contribution revenue. No discount was recorded as of December 31, 2025 and 2024, as the amounts were immaterial to the consolidated financial statements. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. Conditional promises to give are not included as support until the conditions are substantially met.

During the years ended December 31, 2025 and 2024, Word of Life recognized approximately 18% and 25%, respectively, of its contributions, including primarily contributions to donor advised funds and outstanding pledges receivable, from two donors each year, which includes board members and other related parties directly and indirectly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND RELEASES, continued

During the year ended December 31, 2023, Word of Life filed for Employee Retention Credit (ERC) funds totaling $2,719,418. Word of Life has taken the position that the acceptance and payment of ERC funds by the Internal Revenue Service (IRS) is the barrier to revenue recognition (condition) that must be met. Word of Life received $1,962,147 of ERC funds, including interest, from the IRS, which was recognized as a component of government grants on the consolidated statements of activities for the year ended December 31, 2023. Word of Life did not receive ERC funds, including interest, from the IRS during the year ended December 31, 2024. During the year ended December 31, 2025, Word of Life received the remaining ERC funds, including interest, from the IRS, which is recognized as a component of government grants on the consolidated statements of activities for the year ended December 31, 2025. The ERC, established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, acts as a fully refundable credit against the employer portion of social security taxes based on the amount of qualified wages that an eligible employer has incurred. Laws and regulations concerning government programs, including the ERC, established by the CARES Act are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge Word of Life's claim to the ERC, and it is not possible to determine the impact, if any, this would have on Word of Life. Word of Life has adopted a policy with respect to these funds of reporting conditional grants in which the restriction is met in the same period as revenue without donor restrictions in accordance with the simultaneous release option.

REVENUE

Program income is recognized when earned, which is when the performance obligations under the terms of contracts with customers are satisfied. Bookstore and other sales are recognized at the point in time when the goods have been provided to the customer. Revenue received in advance is deferred and recognized over the period to which the revenues relate and is reported as performance obligation liabilities in the consolidated statements of financial position. Investment income is recognized in the month it is earned, which is at a point in time. Other income is recognized in the period earned, which is at a point in time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE, continued

Bible Institute Tuition and Fees Revenue

Bible Institute tuition and fees revenue, which includes fees for room and board, is reported as a component of program income in the consolidated statements of activities. Word of Life recognizes revenue from student tuition and fees over time within the year in which services are provided. Academic programs are delivered in two academic terms, Spring and Fall. Student discounts, in the form of scholarships and grants, includes amounts funded out of Word of Life's operating budget as well as by endowment and other gifts, and reduces the price of tuition and fees for students receiving such discounts. As such, student discounts represent the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Payments for tuition are due prior to the start of the academic term, unless the student has enrolled in a payment plan with Word of Life. Word of Life's refund policy provides for a refund of tuition and fees according to the following schedule:

Week of Academic Term	Refund
First	100%
Second	85%
Third	70%
Fourth	55%
Fifth	40%
Sixth	25%
Subsequent Weeks	0%

Tuition and fees are recognized as revenue as performance obligations are met. Revenue from tuition and fees is recognized ratably over the academic term to which it relates. The 2024 and 2025 Spring and Fall academic terms for both the New York and Florida campuses fell entirely within their respective calendar year. As such, 100% of tuition and fees revenue for these terms are recognized in the consolidated statements of activities for their respective years ended December 31, 2025 and 2024. Tuition and fees received in advance for subsequent academic terms are reported as a component of performance obligation liabilities in the consolidated statements of financial position. See Note 9.

Students secure enrollment in the academic programs and room and board by completing and signing the *Student Enrollment Agreement.* A nonrefundable housing deposit of $250 is required at the time the *Student Enrollment Agreement* is signed, which is applied against the charges for room and board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE, continued

Tuition and fees included as a component of program income in the consolidated statements of activities are as follows:

	Years Ended December 31,	
	2025	2024
Tuition and fees	$ 9,976,185	$ 10,707,496
Less: student discounts	(3,256,615)	(3,380,276)
	$ 6,719,570	$ 7,327,220

Camps and Conferences Revenue

Camps and conferences revenue includes fees charged to individuals for reservations for various camps, conferences and retreats and is reported as a component of program income in the consolidated statements of activities. Payments for camps and conferences are generally due at the time a reservation is made, which is typically several weeks to several months in advance of the start date of a reservation. Consequently, associated revenues are earned and recognized on the date a reservation begins and is thus no longer refundable. Payments received for camps and conferences reservations are reported as a component of performance obligation liabilities until earned. See Note 9. Discounts are provided to qualifying individuals making reservations and are recorded as a reduction to related camps and conferences revenue.

Camps and conferences revenue included as a component of program income in the consolidated statements of activities is as follows:

	Years Ended December 31,	
	2025	2024
Camps and conferences revenue	$ 7,962,018	$ 7,310,825
Less: discounts	(2,309,300)	(1,979,077)
	$ 5,652,718	$ 5,331,748

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting services of the organization have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting services benefited. These expenses include depreciation and certain salaries and benefits, utilities, repair and maintenance, printing and postage, insurance, supplies and travel. These expenses are allocated based on estimates of time and effort or based on the programmatic purpose of the asset being depreciated. Word of Life incurred no joint costs for the years ended December 31, 2025 and 2024. Advertising and promotion costs are expensed as incurred and were approximately $270,000 and $229,000 for the years ended December 31, 2025 and 2024, respectively.

STUDENT FINANCIAL ASSISTANCE PROGRAMS

Word of Life (Bible Institute) participates in the delivery of student financial assistance programs under various programs administered by the United States Department of Education (ED) and acts as an agent to the agency. The government grant amounts reported exclude funds directly awarded and credited to students under the various ED programs, however, substantial portions of tuition and fees revenue and collection of student accounts receivable are dependent on Word of Life's continued participation in the various ED programs. The related activity, when exceeding audit requirement thresholds, is subject to audit both by independent certified public accountants and by representatives of the administering agency regarding compliance with applicable regulations. Any resultant findings of noncompliance could potentially result in the required return of related funds received and/or the assessment of fines or penalties or the discontinuation of eligibility for participation.

3. LIQUIDITY AND FUNDS AVAILABLE:

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

	December 31, 2025	December 31, 2024
Financial assets:		
Cash and cash equivalents and restricted cash	$ 18,931,441	$ 23,195,987
Bible Institute accounts receivable, net	177,760	391,455
Other receivables, net	166,985	235,631
Pledges receivable, net	1,952,274	14,344,778
Long-term investments	12,406,390	22,065,402
Financial assets, at year end	33,634,850	60,233,253
Less those unavailable for general expenditure within one year, due to:		
Gift annuity liability - actuarial reserve	(617,253)	(655,661)
Gift annuity statutorily required surplus	(160,731)	(170,844)
Other accounts receivable collectible beyond one year	(7,000)	(7,000)
Pledges receivable restricted for purchase of buildings and equipment	(1,725,303)	(13,869,251)
Financial assets held in donor advised funds	(12,212,018)	(25,753,810)
Restricted by donors for purchase of buildings and equipment	(753,814)	(927,615)
Restricted by donors in perpetuity	(1,847,700)	(1,847,700)
Subject to appropriation from endowment (accumulated loss)	151,527	188,493
	(17,172,292)	(43,043,388)
Financial assets available to meet cash needs for general expenditures within one year	$ 16,462,558	$ 17,189,865

Word of Life is substantially supported by contributions without donor restrictions and with donor restrictions. Those contributions with donor restrictions require resources to be used in a particular manner or in a future period. Word of Life must maintain sufficient resources to meet those responsibilities to its donors. Word of Life has net assets with donor restrictions totaling $15,495,409 and $28,063,745 at December 31, 2025 and 2024, respectively, of which $11,159,388 and $11,436,828, respectively, is considered available to meet cash needs for general expenditure within one year. Thus, financial assets may not be available for general expenditure within one year. As part of Word of Life's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage liquidity needs, Word of Life maintains a $2,000,000 line of credit (Note 10). At December 31, 2025 and 2024, borrowing capacity on the line of credit was $2,000,000 and $1,000,000, respectively.

4. PLEDGES RECEIVABLE–NET:

Pledges receivable-net consist of unconditional promises to give and consist of the following:

	December 31, 2025	December 31, 2024
Amounts due in less than one year	$ 2,049,548	$ 14,527,925
Amounts due in one to two years	-	20,650
Less allowance for uncollectible pledges	(97,274)	(203,797)
	$ 1,952,274	$ 14,344,778

5. BIBLE INSTITUTE AND OTHER RECEIVABLES–NET:

The balances for Bible Institute and other receivables-net are as follows:

	December 31, 2025	December 31, 2024	December 31, 2023
Bible Institute accounts receivable	$ 522,792	$ 901,121	$ 650,429
Allowance for credit losses	(345,032)	(509,666)	(355,629)
Bible Institute accounts receivable-net	177,760	391,455	294,800
Other receivables (not related to Bible Institute and not related to contracts with customers)	706,846	235,631	184,765
Allowance for credit losses	(539,861)	-	-
Other receivables-net	166,985	235,631	184,765
	$ 344,745	$ 627,086	$ 479,565

Changes in allowance for credit losses are as follows:

	December 31, 2025	December 31, 2024
Allowance for credit losses, beginning of year	$ 509,666	$ 355,629
Change in provision for credit losses - Bible Institute accounts receivable	(164,634)	154,037
Change in provision for credit losses - other receivables	539,861	-
Allowance for credit losses, end of year	$ 884,893	$ 509,666

6. INVENTORIES:

Inventories consist of the following:

	December 31, 2025	December 31, 2024
Bookstore	$ 324,029	$ 299,840
Publications and curriculum for resale	212,063	218,640
Food supplies	44,253	58,357
Maintenance and housekeeping supplies	7,671	6,290
	$ 588,016	$ 583,127

7. LAND, BUILDINGS AND EQUIPMENT, NET:

Land, buildings and equipment, net, consist of the following:

	December 31, 2025	December 31, 2024
Land	$ 4,144,951	$ 3,121,913
Buildings and improvements	144,751,691	115,391,649
Furniture and equipment	7,792,131	7,725,763
Vehicles and boats	3,773,588	3,427,657
	160,462,361	129,666,982
Less accumulated depreciation	(43,649,261)	(38,162,443)
	116,813,100	91,504,539
Construction in progress	24,091,528	26,414,079
	$ 140,904,628	$ 117,918,618

Depreciation expense on land, buildings and equipment for the years ended December 31, 2025 and 2024, amounted to $5,568,955 and $4,838,785, respectively.

Construction in progress relates to numerous improvement projects across Word of Life's various properties. Word of Life has entered in to various construction contracts related to these projects. As of December 31, 2025, those projects with outstanding construction contracts total to approximately $29 million, of which approximately $3 million remains to be expended subsequent to December 31, 2025. The projects have primarily been funded through contributions.

During the year ended December 31, 2025, Word of Life purchased property and buildings in California for camp ministry for approximately $5 million. The purchase was funded by contributions.

8. LONG-TERM INVESTMENTS:

Long-term investments consist of the following:

	December 31, 2025	December 31, 2024
Corporate bonds	$ 7,559,410	$ 6,682,344
Municipal bonds	517,085	-
US Government securities	60,420	-
Mutual and exchange-traded funds	3,266,397	6,604,460
Cash and cash equivalents held in brokerage accounts	955,563	8,729,972
Inter-mission gift annuity investment	47,515	48,626
	$ 12,406,390	$ 22,065,402

A significant portion of investments are related to Word of Life's gift annuity program, endowment fund, and donor advised funds, as well as amounts restricted by donors for acquisition of land, buildings and equipment. A summary of investments held for these purposes is as follows:

	December 31, 2025	December 31, 2024
Gift annuity program	$ 1,212,371	$ 1,253,213
Endowment fund	1,696,173	1,659,207
Donor advised funds	4,688,325	14,452,528
Acquisition of land, buildings and equipment	753,814	927,615
	$ 8,350,683	$ 18,292,563

In addition to the investment income recorded on the consolidated statements of activities, the annuity investments earned $56,496 in interest and dividends and $68,142 in realized and unrealized gains for a total of $124,638 for the year ended December 31, 2025. The annuity investments earned $59,644 in interest and dividends and $44,218 in realized and unrealized gains for a total of $103,862 for the year ended December 31, 2024. This is reflected on the consolidated statements of activities as a component of the change in value of gift annuities.

9. PERFORMANCE OBLIGATION LIABILITIES:

The activity and balances for performance obligation liabilities related to contracts with customers, as well as other amounts, are as follows:

	December 31, 2025	December 31, 2024
Beginning balance, related to contracts with customers	$ 1,629,038	$ 1,557,045
Revenue recognized for tuition, fees, room and board	(429,227)	(403,842)
Revenue recognized for camps and conferences	(1,184,739)	(1,130,211)
Refunds of prior year performance obligation liabilities for cancelled camps and conferences	(15,072)	(22,992)
Payments received for future performance obligations - tuition, fees, room and board	357,027	429,227
Payments received for future performance obligations - camps and conferences	1,290,647	1,199,811
Ending balance, related to contracts with customers	1,647,674	1,629,038
Other amounts	176,700	17,893
	$ 1,824,374	$ 1,646,931

10. LINE OF CREDIT PAYABLE:

Line of credit payable consists of the following:

	December 31, 2025	December 31, 2024
Line of credit payable to a bank ($2,000,000 limit) secured by Word of Life properties, which has a net book value of approximately $63 million as of December 31, 2025, and due upon maturity with an interest rate of prime plus .25% adjusted monthly (interest rate of 7.0% and 7.75% at December 31, 2025 and 2024, respectively), expiring in September 2026.	$ -	$ 1,000,000

The line of credit requires monthly payments of interest only with the principal balance due upon maturity. As of December 31, 2025 and 2024, Word of Life was in compliance with all loan covenants.

11. CHANGE IN VALUE OF GIFT ANNUITIES PAYABLE:

Change in value of gift annuities payable consists of the following:

	Years Ended December 31,	
	2025	2024
Investment income:		
Interest and dividend income	$ 56,496	$ 59,644
Investment fees	(6,832)	(6,858)
Realized gain on sale of investments	125,057	27,954
Unrealized gain (loss) on investments	(56,915)	16,264
	117,806	97,004
New annuities - whole amount	125,000	103,000
New annuities - gift portion	(53,589)	(39,620)
Payments to annuitants	(92,450)	(86,424)
Change in actuarial reserve	(135,175)	(27,023)
	$ (38,408)	$ 46,937

12. NET ASSETS:

Net assets consist of the following:

	December 31,	
	2025	2024
Without donor restrictions:		
Undesignated	$ 1,442,735	$ 1,635,062
Donor advised funds	12,212,018	25,753,810
Invested in land, buildings and equipment, net	140,904,628	117,918,618
Total without donor restrictions	154,559,381	145,307,490
With donor restrictions:		
Subject to expenditure for specified purpose or passage of time	13,647,709	26,216,045
Subject to restriction in perpetuity - endowment	1,847,700	1,847,700
Total with donor restrictions	15,495,409	28,063,745
Total net assets	$ 170,054,790	$ 173,371,235

12. NET ASSETS, continued:

DONOR ADVISED FUNDS

Donor advised fund activity before effects of consolidation eliminations consists of the following:

	Years Ended December 31,	
	2025	2024
Donor advised fund net assets, beginning of year	$ 25,753,810	$ 28,006,828
Changes in donor advised funds:		
Contributions to donor advised funds	15,078,933	10,222,763
Investment income on assets in donor advised funds	766,985	1,598,678
Distributions from donor advised funds	(29,387,710)	(14,074,459)
	(13,541,792)	(2,253,018)
Donor advised fund net assets, end of year	$ 12,212,018	$ 25,753,810

12. NET ASSETS, continued:

NET ASSETS WITH RESTRICTIONS SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSES OR PASSAGE OF TIME

Net assets with restrictions subject to expenditure for specified purposes or passage of time were as follows:

	Years Ended December 31,			
	2025		2024	
	Net Assets	Releases	Net Assets	Releases
Purpose restricted:				
International ministries missions support	$ 4,827,485	$ 15,340,318	$ 4,531,709	$ 15,192,392
Local church ministries missions support	662,989	2,615,503	640,925	2,433,010
Evangelism and short-term missions	167,183	654,067	220,839	783,743
Bible Institute scholarships and needy camper aid	98,660	110,552	31,979	88,371
Fellowship projects	821,866	5,606,315	973,182	13,609,092
International ministries projects	4,691,997	5,350,844	5,074,313	4,062,737
Local church ministries projects	264,524	63,841	227,476	36,645
	11,534,704	29,741,440	11,700,423	36,205,990
Time restricted:				
Gift annuity statutorily required surplus	160,731	-	170,844	-
Pledges receivable, net	1,952,274	-	14,344,778	-
	2,113,005	-	14,515,622	-
	$ 13,647,709	$ 29,741,440	$ 26,216,045	$ 36,205,990

12. NET ASSETS, continued:

ENDOWMENT FUNDS

Word of Life's endowments include donor-restricted funds and consist of individual funds established for the Bible Institute scholarships and Needy Camper aid. Word of Life has interpreted New York State UPMIFA (NYPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, Word of Life classifies as net assets with donor restrictions in perpetuity: (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment; and, (c) the accumulations to the donor restricted endowment made in accordance with the directions of the applicable donor gift instrument, at the time the accumulation is added to the fund, if any.

The remaining portion of a donor-restricted endowment fund not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions, time and purpose until those amounts are appropriated for expenditure by Word of Life in a manner consistent with the uses, benefits, purposes and duration for which the endowment was established and the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, Word of Life considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of Word of Life and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of Word of Life
7. The investment policies of Word of Life
8. Appropriate situations (i.e. underwater) to curtail or eliminate spending

As of December 31, 2025 and 2024, all endowment funds held by Word of Life are donor-restricted endowments held in perpetuity. Word of Life did not hold any term endowments or board-designated quasi-endowments as of and for the years ended December 31, 2025 or 2024.

12. NET ASSETS, continued:

ENDOWMENT FUNDS, continued
Changes in donor-restricted endowment net assets are as follows:

	Year Ended December 31, 2025		
	Original Gift Amount	Accumulated Gains (Losses)	Total
Endowment net assets, beginning of year	$ 1,847,700	$ (188,493)	$ 1,659,207
Investment return	-	131,966	131,966
Contributions	-	-	-
Amounts appropriated for expenditure	-	(95,000)	(95,000)
	-	36,966	36,966
Endowment net assets, end of year	$ 1,847,700	$ (151,527)	$ 1,696,173

	Year Ended December 31, 2024		
	Original Gift Amount	Accumulated Gains (Losses)	Total
Endowment net assets, beginning of year	$ 1,847,605	$ (139,321)	$ 1,708,284
Investment return	-	38,828	38,828
Contributions	95	-	95
Amounts appropriated for expenditure	-	(88,000)	(88,000)
	95	(49,172)	(49,077)
Endowment net assets, end of year	$ 1,847,700	$ (188,493)	$ 1,659,207

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the endowment agreement requires Word of Life to retain as a fund of perpetual duration. As of December 31, 2025 and 2024, the fair value of assets associated with individual donor-restricted endowment funds fell below the level required by the donors for the two funds that make up the entirety of the endowment. The fair value of the assets was approximately $1,696,000 and $1,660,000 as of December 31, 2025 and 2024, respectively, the original gift value of the underwater endowments was approximately $1,850,000 at both December 31, 2025 and 2024, and the deficit was approximately $152,000 and $188,000 as of December 31, 2025 and 2024, respectively. The reason for this deficit was unrealized losses on investments, that were not fully recovered as of December 31, 2025 and 2024.

12. NET ASSETS, continued:

ENDOWMENT FUNDS, continued

Return objectives and risk parameters

Word of Life has adopted investment and spending policies for endowment assets that attempt to (a) maintain the historical value of the endowment fund assets and (b) provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that Word of Life must hold in perpetuity, or for donor-specified periods. The investment policy also attempts to maximize the stream of funding within the boundaries of conservative parameters. The current long term return objective is 4.5 percent. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, Word of Life relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). To assure a more predictable stream of funding, assets are invested heavily in individual, investment grade fixed income vehicles.

Spending policies and how the investment objectives relate to spending policy

The spending policy calculates the amount of money available to be appropriated annually from the endowment funds. The current spending policy is to make available for grant making interest and dividends and net realized appreciation amounts in excess of the endowment corpus. Amounts not distributed will be invested and available in future distributions. Word of Life has interpreted NYPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

13. DEFINED CONTRIBUTION PENSION PLAN:

Word of Life established a Defined Contribution Retirement Plan for the benefit of all eligible employees and their beneficiaries. To be eligible, an employee must be 21 years of age, employed by Word of Life for one year, and be full-time status. Word of Life provides a matching contribution of 50 percent of the employee contribution, up to 6 percent of compensation. Employees are allowed to contribute to the plan through 401(k) salary deferrals. The employer's portion expensed for the years ended December 31, 2025 and 2024, was $336,431 and $331,704, respectively.

14. TRANSACTIONS WITH RELATED PARTIES:

Word of Life conducted the following transactions with related parties in addition to those items disclosed elsewhere in the consolidated footnotes:

- Word of Life purchased vehicles totaling approximately $123,000 and $106,000 from a company controlled by a board member during the years ended December 31, 2025 and 2024, respectively;
- benevolence payments were provided to the spouse of a former board member totaling $12,000 during both years ended December 31, 2025 and 2024;
- donated rent from a company controlled by a board member valued at approximately $186,000 and $119,000 for the years ended December 31, 2025 and 2024, respectively.

14. TRANSACTIONS WITH RELATED PARTIES:

Word of Life makes grants to Word of Life affiliated organizations outside the United States (Note 2). Total grants to Word of Life affiliated organizations outside the United States amounted to approximately $14.3 million and $13.7 million for the years ended December 31, 2025 and 2024, respectively.

15. MANAGEMENT AND SHARED SERVICES AGREEMENTS:

The Foundation and the Fellowship entered into an agreement on January 1, 2012, whereby the Fellowship agrees to provide essential administrative services and assign the Fellowship employees, upon mutual agreement of both parties, to work at the direction of the officers and board of directors of the Foundation to perform administrative tasks for the Foundation and its responsibilities under this agreement. Each assigned employee shall remain and be considered for legal purposes an employee of the Fellowship and merely assigned to render services to the Foundation to fulfill compatible tax-exempt purposes. The Foundation shall reimburse the Fellowship for the services provided by said assigned employee of the Fellowship. The reimbursement for those services amounted to $150,000 and $200,000 for the years ended December 31, 2025 and 2024, respectively. These transactions were eliminated in consolidation.

During 2018, Word of Life was approached by Davis College concerning the prospects of merging in to Word of Life Bible Institute. Word of Life responded with a memorandum of understanding (MOU) containing terms. In early 2019, the MOU was approved by the board of Davis College. Since the date of the approval of the MOU, Word of Life and Davis College have begun the due diligence process and have been in consultation with appropriate accrediting agencies and the New York State Department of Education. As of the date of these consolidated financial statements, that process is ongoing and no merger has been completed.

In the interim, the accrediting agencies and the New York State Department of Education have approved a shared services agreement between the two schools to initiate the process of moving forward, which was signed in May 2019. Under the shared services agreement, Word of Life provides certain administrative services to Davis College relating to admissions, marketing and student development. Payments received from Davis College amounted to approximately $230,000 and $193,000 for the years ended December 31, 2025 and 2024, respectively.

16. HEALTH CARE CONTINGENCY:

Word of Life maintains a self-insurance program for its employee's health care costs. Word of Life is liable for losses on claims up to $130,000 per claim. Word of Life has third-party insurance coverage for any losses in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the consolidated statements of financial position date as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs was approximately $265,000 at both December 31, 2025 and 2024.

17. CONTINGENT LIABILITIES:

Word of Life is subject to claims and other legal matters that arise in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance and would not have a significant effect on the consolidated financial position or results of operations of Word of Life.

18. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through June 1, 2026, which is the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

CAPINCROUSE
A DIVISION OF Carr, Riggs & Ingram

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

Board of Directors
Word of Life Fellowship, Inc. and Subsidiary
Schroon Lake, New York

We have audited the consolidated financial statements of Word of Life Fellowship, Inc. and Subsidiary as of and for the years ended December 31, 2025 and 2024, and our report thereon dated June 1, 2026, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities are 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 LLC

New York, New York
June 1, 2026

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WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidating Schedule of Financial Position

December 31, 2025

	Word of Life Fellowship, Inc.	Word of Life Foundation, Inc.	Eliminations	Total
ASSETS:				
Cash and cash equivalents	$ 11,407,748	$ 7,523,693	$ -	$ 18,931,441
Cash - restricted	-	-	-	-
	11,407,748	7,523,693	-	18,931,441
Bible Institute accounts receivable (net of allowance of $345,032)	177,760	-	-	177,760
Other receivables (net of allowance of $539,861)	166,985	-	-	166,985
Prepaid expenses	1,142,251	-	-	1,142,251
Inventories	588,016	-	-	588,016
Pledges receivable, net	1,952,274	-	-	1,952,274
Long-term investments	7,718,065	4,688,325	-	12,406,390
Land, buildings and equipment, net	140,904,628	-	-	140,904,628
Total Assets	$ 164,057,727	$ 12,212,018	$ -	$ 176,269,745
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable and accrued expenses	$ 3,773,328	$ -	$ -	$ 3,773,328
Performance obligation liabilities	1,824,374	-	-	1,824,374
Annuities payable	617,253	-	-	617,253
Total liabilities	6,214,955	-	-	6,214,955
Net assets:				
Without donor restrictions	142,347,363	12,212,018	-	154,559,381
With donor restrictions	15,495,409	-	-	15,495,409
Total net assets	157,842,772	12,212,018	-	170,054,790
Total Liabilities and Net Assets	$ 164,057,727	$ 12,212,018	$ -	$ 176,269,745

See auditor's report on supplementary information

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidating Schedule of Financial Position

December 31, 2024

	Word of Life Fellowship, Inc.	Word of Life Foundation, Inc.	Eliminations	Total
ASSETS:				
Cash and cash equivalents	$ 11,894,705	$ 11,301,282	$ -	$ 23,195,987
Cash - restricted	-	-	-	-
	11,894,705	11,301,282	-	23,195,987
Bible Institute accounts receivable (net of allowance of $509,666)	391,455	-	-	391,455
Other receivables	235,631	-	-	235,631
Prepaid expenses	814,664	-	-	814,664
Inventories	583,127	-	-	583,127
Pledges receivable, net	14,344,778	-	-	14,344,778
Long-term investments	7,612,874	14,452,528	-	22,065,402
Land, buildings and equipment, net	117,918,618	-	-	117,918,618
Total Assets	$ 153,795,852	$ 25,753,810	$ -	$ 179,549,662
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable and accrued expenses	$ 2,875,835	$ -	$ -	$ 2,875,835
Performance obligation liabilities	1,646,931	-	-	1,646,931
Line of credit payable	1,000,000	-	-	1,000,000
Annuities payable	655,661	-	-	655,661
Total liabilities	6,178,427	-	-	6,178,427
Net assets:				
Without donor restrictions	119,553,680	25,753,810	-	145,307,490
With donor restrictions	28,063,745	-	-	28,063,745
Total net assets	147,617,425	25,753,810	-	173,371,235
Total Liabilities and Net Assets	$ 153,795,852	$ 25,753,810	$ -	$ 179,549,662

See auditor's report on supplementary information

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidating Schedule of Activities

Year Ended December 31, 2025

	Word of Life Fellowship, Inc.	Word of Life Foundation, Inc.	Eliminations	Total
SUPPORT AND REVENUE:				
Contributions	$ 49,719,051	$ 15,078,933	$ (27,324,004)	$ 37,473,980
Government grants	1,223,482	-	-	1,223,482
Program income (net of student and camp and conference discounts)	16,879,552	-	-	16,879,552
Bookstore and other sales (net of cost of goods sold of $917,169)	493,295	-	-	493,295
Interest and dividend income, net	578,773	429,962	-	1,008,735
Realized and unrealized gain on investments	83,285	337,023	-	420,308
Change in value of annuities payable	38,408	-	-	38,408
Other income	672,330	-	-	672,330
Total Support and Revenue	69,688,176	15,845,918	(27,324,004)	58,210,090
EXPENSES:				
Program services:				
Local church ministries	4,229,497	-	-	4,229,497
Bible Institute	16,202,638	-	-	16,202,638
International ministries	23,633,213	-	-	23,633,213
Camps - New York	5,504,375	-	-	5,504,375
Camps - Florida	3,433,530	-	-	3,433,530
Camps - California	560,280	-	-	560,280
Foundation	-	29,036,946	(27,203,629)	1,833,317
Other ministries	424,141	-	-	424,141
Total program services	53,987,674	29,036,946	(27,203,629)	55,820,991
Supporting services:				
Management and general	2,666,729	112,729	(80,250)	2,699,208
Development	2,808,426	238,035	(40,125)	3,006,336
Total supporting services	5,475,155	350,764	(120,375)	5,705,544
Total Expenses	59,462,829	29,387,710	(27,324,004)	61,526,535
Change in Net Assets	10,225,347	(13,541,792)	-	(3,316,445)
Net Assets, Beginning of Year	147,617,425	25,753,810	-	173,371,235
Net Assets, End of Year	$ 157,842,772	$ 12,212,018	$ -	$ 170,054,790

See auditor's report on supplementary information

WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

Consolidating Schedule of Activities

Year Ended December 31, 2024

	Word of Life Fellowship, Inc.	Word of Life Foundation, Inc.	Eliminations	Total
SUPPORT AND REVENUE:				
Contributions	$ 41,568,766	$ 10,222,763	$ (11,616,893)	$ 40,174,636
Government grants	36,825	-	-	36,825
Program income (net of student and camp and conference discounts)	16,772,830	-	-	16,772,830
Bookstore and other sales (net of cost of goods sold of $862,172)	576,226	-	-	576,226
Interest and dividend income, net	668,837	1,027,634	-	1,696,471
Realized and unrealized gain on investments	37,988	571,044	-	609,032
Change in value of annuities payable	(46,937)	-	-	(46,937)
Other income	760,388	-	-	760,388
Total Support and Revenue	60,374,923	11,821,441	(11,616,893)	60,579,471
EXPENSES:				
Program services:				
Local church ministries	4,103,732	-	-	4,103,732
Bible Institute	16,754,252	-	-	16,754,252
International ministries	22,856,625	-	-	22,856,625
Camps - New York	4,403,534	-	-	4,403,534
Camps - Florida	3,098,131	-	-	3,098,131
Foundation	-	13,828,235	(11,456,393)	2,371,842
Other ministries	319,876	-	-	319,876
Total program services	51,536,150	13,828,235	(11,456,393)	53,907,992
Supporting services:				
Management and general	2,161,653	153,962	(107,000)	2,208,615
Development	2,420,493	92,262	(53,500)	2,459,255
Total supporting services	4,582,146	246,224	(160,500)	4,667,870
Total Expenses	56,118,296	14,074,459	(11,616,893)	58,575,862
Change in Net Assets	4,256,627	(2,253,018)	-	2,003,609
Net Assets, Beginning of Year	143,360,798	28,006,828	-	171,367,626
Net Assets, End of Year	$ 147,617,425	$ 25,753,810	$ -	$ 173,371,235

See auditor's report on supplementary information