BETHEL BIBLE VILLAGE

FINANCIAL REPORT

MARCH 31, 2024

MAULDIN & JENKINS

CPAs & ADVISORS

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Independent Auditor's Report

To the Board of Trustees
Bethel Bible Village
Chattanooga, Tennessee

Opinion

We have audited the accompanying financial statements of Bethel Bible Village (a nonprofit corporation), which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bethel Bible Village as of March 31, 2024 and 2023, and the change 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 Financial Statements section of our report. We are required to be independent of Bethel Bible Village and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bethel Bible Village's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bethel Bible Village'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.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
September 9, 2024

BETHEL BIBLE VILLAGE

STATEMENTS OF FINANCIAL POSITION
March 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 2,095,218	$ 957,828
Accounts receivable, net	5,934	2,600
Investments	5,459,592	4,988,803
Due from trusts and estates	69,671	1,456,667
Other assets	221,729	91,964
Property and equipment, net	2,393,443	2,042,371
Total assets	$10,245,587	$9,540,233
LIABILITIES		
Accounts payable and accrued expenses	$ 333,220	$ 137,212
Unearned revenue	102,400	154,575
Deferred compensation	179,866	184,133
Total liabilities	615,486	475,920
NET ASSETS		
Without donor restriction	8,192,231	6,254,925
With donor restriction	1,437,870	2,809,388
Total net assets	9,630,101	9,064,313
Total liabilities and net assets	$10,245,587	$9,540,233

The Notes to Financial Statements are an integral part of these statements.

BETHEL BIBLE VILLAGE

STATEMENT OF ACTIVITIES
Year Ended March 31, 2024

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributed financial assets and bequests	$ 1,623,611	$ 158,510	$ 1,782,121
Contributed nonfinancial assets	264,563	-	264,563
Total contributions	1,888,174	158,510	2,046,684
Program fees	161,554	-	161,554
Special events, net of direct expenses of $89,169	212,168	-	212,168
Investment income, net of investment expenses of $24,036	736,141	40,098	776,239
Rental income	6,290	-	6,290
Thrift shop, net of direct expense of $228,525	152,509	-	152,509
Loss on disposal of asset	(15,800)		(15,800)
Net assets released from restrictions	1,570,126	(1,570,126)	-
Total revenues, gains and other support	4,711,162	(1,371,518)	3,339,644
OPERATING EXPENSES			
Program services	2,365,691	-	2,365,691
General and administrative	319,099	-	319,099
Fundraising	89,066	-	89,066
Total operating expenses	2,773,856	-	2,773,856
Change in net assets	1,937,306	(1,371,518)	565,788
NET ASSETS, beginning of year	6,254,925	2,809,388	9,064,313
NET ASSETS, end of year	$ 8,192,231	$ 1,437,870	$ 9,630,101

The Notes to Financial Statements are an integral part of this statement.

BETHEL BIBLE VILLAGE

STATEMENT OF ACTIVITIES
Year Ended March 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributed financial assets and bequests	$ 1,258,863	$ 2,044,486	$ 3,303,349
Contributed nonfinancial assets	577,650	-	577,650
Total contributions	1,836,513	2,044,486	3,880,999
Program fees	62,652	-	62,652
Special events, net of direct expenses of $94,996	189,593	-	189,593
Investment loss, net of investment expenses of $23,395	(358,482)	(1,016)	(359,498)
Rental income	11,466	-	11,466
Thrift shop, net of direct expense of $257,418	125,833	-	125,833
Net assets released from restrictions	361,052	(361,052)	-
Total revenues, gains and other support	2,228,627	1,682,418	3,911,045
OPERATING EXPENSES			
Program services	2,103,612	-	2,103,612
General and administrative	270,805	-	270,805
Fundraising	73,679	-	73,679
Total operating expenses	2,448,096	-	2,448,096
Change in net assets	(219,469)	1,682,418	1,462,949
NET ASSETS, beginning of year	6,474,394	1,126,970	7,601,364
NET ASSETS, end of year	$ 6,254,925	$ 2,809,388	$ 9,064,313

The Notes to Financial Statements are an integral part of this statement.

BETHEL BIBLE VILLAGE

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2024

	Program Services	General and Administrative	Fundraising	Total
EXPENSES				
Salaries and wages	$1,258,325	$ 178,649	$ 58,382	$1,495,356
Payroll taxes	90,859	13,082	4,466	108,407
Employee benefits	215,454	31,020	10,591	257,065
Total salaries and wages, payroll taxes, and employee benefits	1,564,638	222,751	73,439	1,860,828
In-kind expenses	208,405	-	-	208,405
Depreciation	175,516	28,743	-	204,259
Utilities	68,211	1,975	1,616	71,802
Facility maintenance	72,514	2,099	1,717	76,330
Insurance	76,174	2,205	1,804	80,183
Food	38,577	-	-	38,577
Miscellaneous	38,929	9,116	220	48,265
Telephone	19,555	2,517	685	22,757
Education	42,698	-	-	42,698
Training	884	2,345	75	3,304
Accounting fees	-	38,900	-	38,900
Promotion and communication	6,695	1,616	6,695	15,006
Printing and publications	7,144	920	250	8,314
Supplies	8,441	1,087	296	9,824
Advertising	2,611	-	1,740	4,351
Vehicle maintenance	14,660	386	386	15,432
Memberships	-	4,225	-	4,225
Hiring costs	6,781	214	143	7,138
Psychological services	5,403	-	-	5,403
Recreation	6,904	-	-	6,904
Doctors and medicine	951	-	-	951
Total functional expenses	$2,365,691	$ 319,099	$ 89,066	$2,773,856

The Notes to Financial Statements are an integral part of this statement.

BETHEL BIBLE VILLAGE

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2023

	Program Services	General and Administrative	Fundraising	Total
EXPENSES				
Salaries and wages	$1,029,566	$ 165,454	$ 45,247	$1,240,267
Payroll taxes	74,266	12,058	3,266	89,590
Employee benefits	207,622	33,710	9,131	250,463
Total salaries and wages, payroll taxes, and employee benefits	1,311,454	211,222	57,644	1,580,320
In-kind expenses	281,177	-	-	281,177
Depreciation	137,524	20,807	-	158,331
Utilities	72,065	2,086	1,707	75,858
Facility maintenance	62,955	1,823	1,491	66,269
Insurance	65,149	1,886	1,543	68,578
Food	28,267	-	-	28,267
Miscellaneous	21,194	4,091	-	25,285
Telephone	18,977	1,584	1,287	21,848
Education	30,627	-	-	30,627
Training	1,387	1,702	50	3,139
Accounting fees	-	18,400	-	18,400
Promotion and communication	7,099	1,579	7,099	15,777
Printing and publications	7,888	658	536	9,082
Supplies	7,804	652	529	8,985
Advertising	1,868	-	1,245	3,113
Vehicle maintenance	11,596	305	305	12,206
Memberships	-	3,646	-	3,646
Hiring costs	11,524	364	243	12,131
Psychological services	15,276	-	-	15,276
Recreation	9,462	-	-	9,462
Doctors and medicine	319	-	-	319
Total functional expenses	$2,103,612	$ 270,805	$ 73,679	$2,448,096

The Notes to Financial Statements are an integral part of this statement.

BETHEL BIBLE VILLAGE

STATEMENTS OF CASH FLOWS
Years Ended March 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 565,788	$ 1,462,949
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	204,259	158,331
Loss on sale of property and equipment	15,800	-
Net realized/unrealized (gains) losses on investments	(676,258)	492,362
Donated property and equipment	(56,158)	(296,473)
Change in operating assets and liabilities:		
Accounts receivable	(3,334)	1,283
Due from charitable trusts	1,386,996	(1,446,667)
Accounts payable and accrued expenses	196,008	(66,772)
Deferred compensation	(4,267)	(4,371)
Unearned revenue	(52,175)	37,325
Other assets	(129,765)	(37,921)
Net cash provided by operating activities	1,446,894	300,046
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(9,606,462)	(10,815,201)
Proceeds from sales and of investments	9,811,931	9,869,708
Purchase of property and equipment	(514,973)	(593,902)
Net cash used in investing activities	(309,504)	(1,539,395)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,137,390	(1,239,349)
CASH AND CASH EQUIVALENTS, beginning of year	957,828	2,197,177
CASH AND CASH EQUIVALENTS, end of year	$ 2,095,218	$ 957,828
NONCASH INVESTING ACTIVITIES		
Lease liability arising from obtaining right-of-use asset	$ 184,131	$ 125,638

The Notes to Financial Statements are an integral part of these statements.

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of Bethel Bible Village (the Organization) conform with United States generally accepted accounting principles (GAAP). The Financial Accounting Standards Board (FASB) has adopted the FASB Accounting Standards Codification (ASC) as the single source of authoritative nongovernmental GAAP.

The policies that materially affect financial position and results of operations are summarized as follows:

Organization:

Bethel Bible Village, a non-profit organization, is a nondenominational Christian home for children located in Chattanooga, Tennessee. Its purpose is to provide homes and services for children and youth of families in crisis.

The Organization receives the majority its revenues from two basic sources: (1) donations from individuals, businesses, and churches, and (2) investment income from its board-discretionary and donor-directed endowment funds. The ability of the Organization to sustain its current level of service is dependent upon the continued support of the general public and the return on its investment portfolio.

Basis of presentation:

To ensure observances of limitations and restrictions placed on the use of resources available to the Organization, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purpose in the two categories as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are those resulting from the nature of the Organization and its purposes.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has passed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Note 1. Summary of Significant Accounting Policies (continued)

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition:

The Organization recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*, which affects contracts with customers to transfer goods or services and contracts for the transfer of non financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

Revenues from grants, contributions and bequests, rental income, and investment income (loss) are outside the scope of ASC 606. The Organization's services that fall within the scope of ASC 606 include program fees, special events, and thrift shop. The Organization's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services.

Revenues from program fees and special events are recognized at the time of the related program or event. Deposits for special events received in advance are recognized as a contract liability and deferred until the event occurs which represents the time at which the performance obligation is satisfied. Revenues from thrift shop sales are recognized at a point in time, which is the point at which the goods are delivered to the buyer. Payment for thrift shop sales is received concurrent with the sale of goods.

Revenue is reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gain and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions in net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Note 1. Summary of Significant Accounting Policies (continued)

Revenue recognition: (continued)

Contributed financial and nonfinancial assets are recorded as revenue in the period received or upon the receipt of an unconditional promise to give. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Contributed nonfinancial assets:

For the years ended March 31, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities included:

	2024	2023
Donated food commodities	$ 77,652	$ 57,982
Donated household items	111,394	160,704
Donated property and equipment	56,158	296,473
Donated services	2,805	16,000
Donated supplies	14,505	30,081
Other miscellaneous	2,049	16,410
	$264,563	$577,650

The Organization recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Donated food is used in various programs and fundraising events offered by the Organization. The food is recorded at market value on the date of donation that has been determined by Feeding America and management to be $1.57 and $1.53 per pound during 2024 and 2023, respectively. Feeding America is a nationwide network of 200 food banks.

Donated household items are valued at market value on the date of donation that has been determined by Feeding America and management to be $9.49 and $9.80 per pound during 2024 and 2023, respectively. Feeding America is a nationwide network of 200 food banks. These items are used to support the general operation of the Organization.

Donated property and equipment is valued based on invoice prices from vendors and is used in general operations of the Organization.

Donated services are comprised of various services primarily related to the Organization’s special events and are valued based on current rates for similar services or vendor invoices. Donated supplies are used in the Organization’s school program and are valued based on vendor invoices.

Note 1. Summary of Significant Accounting Policies (continued)

Contributed nonfinancial assets: (continued)

For the years ended March 31, 2024 and 2023, a substantial number of unpaid volunteers have made significant contributions of approximately 2,990 and 3,530 hours, respectively, to the operations of the Organization. The value of this contributed time is not reflected in these statements since it does not meet the criteria recognition under GAAP.

Cash and cash equivalents:

The Organization considers all cash and highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an adjustment to a valuation allowance based on its assessment of historical and expected net collections and business, economic conditions, and other collection indicators. Management's assessment is based primarily on a detailed review of historical collections. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At March 31, 2024 and 2023, management considers all accounts receivable to be collectible and no reserve for uncollectible amounts has been recorded.

Investments:

Investments are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Fair values of marketable securities with readily determinable fair values are based on quoted market prices.

Property and equipment:

Property and equipment are recorded at cost and depreciated over the estimated useful lives of the respective classes of assets using the straight-line method of depreciation. Buildings and improvements are depreciated over periods of 5-30 years. All other property and equipment is depreciated over periods of 3-8 years. Expenditures for repairs and maintenance are charged to expense as incurred. Additions and improvements over $1,000 that significantly extend the lives of assets are capitalized at cost.

Note 1. Summary of Significant Accounting Policies (continued)

Leases:

Leases are classified as operating or finance leases at the lease commencement date. The Organization leases space for its thrift store. The Organization records leases on the statements of financial position in the form of a lease liability for the present value of future minimum payments under the lease terms and a right-of-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment of the right-of-use asset. The discount rate used in determining the lease liability is based upon the risk free rate or the implicit rate, when known, as of the date of commencement or renewal. The Organization does not record leases on the statements of financial position that are classified as short term (less than one year).

At lease inception, the Organization determines the lease term by considering the minimum lease term and all optional renewal periods that the Organization is reasonably certain to renew. The lease term is also used to calculate straight-line rent expense. The Organization's lease does not contain residual value guarantees or material variable lease payments that will cause the Organization to incur additional expenses.

Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight line basis, variable lease payments not included in the lease liability, and any impairment of the right-of-use asset. Rent expense is included in thrift shop, net of direct expenses, on the Organization's statements of activities. The Organization has elected to treat property leases that include both lease and non-lease components as a single component and account for it as a lease.

Functional expenses:

The costs of providing various programs and other activities for the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on square footage, personnel, or other allocation criteria.

Income tax status:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income.

Note 1. Summary of Significant Accounting Policies (continued)

Income tax status: (continued)

The Organization accounts for income taxes in accordance with income tax accounting guidance in ASC Topic 740, *Income Taxes*. The Organization follows the accounting guidance for recognizing and measuring uncertain tax positions. The Organization follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Organization's non-taxable status would not have a material effect on the Organization's financial statements. The Organization is subject to routine audits by taxing jurisdiction; however, there are currently no audits for tax periods in progress.

Advertising costs:

The Organization expenses all advertising costs as incurred. Advertising costs were $4,351 and $3,113 for the years ended March 31, 2024 and 2023, respectively.

Concentrations of credit risk:

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of cash and cash equivalents and investments. The Organization places its cash and cash equivalents with financial institutions and limits the amount of credit exposure to any one financial institution. From time to time, the Organization's cash balances at financial institutions exceed federal depository insurance coverage and management considers this to be a normal business risk. The Organization has not experienced any losses on its cash equivalents. The Organization's investments do not represent significant concentrations of market risk inasmuch as the Organization's investments are diversified among many issuers.

Subsequent events:

The Organization has evaluated all transactions, events, and circumstances for consideration or disclosure through September 9, 2024, the date these financial statements were available to be issued and has reflected or disclosed those items within financial statements and related footnotes as deemed appropriate.

Recent accounting pronouncements:

On April 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which introduces a new impairment model: the current expected credit loss (CECL) model. Topic 326 applies to most financial assets that are measured at amortized cost and requires those assets to be presented at net amounts expected to be collected. The adoption of Topic 326 did not have an impact on the Organization's financial statements as management determined the adoption to be immaterial to the financial statements.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise of the following:

	2024	2023
Current financial assets at year-end:		
Cash and cash equivalents	$ 2,095,218	$ 957,828
Accounts receivable	5,934	2,600
Due from charitable trusts	69,671	1,456,667
Investments	5,459,592	4,988,803
Total current financial assets	7,630,415	7,405,898
Less amounts not available to be used within one year:		
Contractual or donor-imposed restrictions:		
Restricted by donors with time or purpose restrictions	(1,437,870)	(2,809,388)
Board designations:		
Designated for discretionary retirement purposes	(348,896)	(307,045)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,843,649	$ 4,289,465

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In general, the Organization maintains sufficient assets on hand to meet 12 months of normal operating expenses. Approximately $34,500 of the board designated for discretionary retirement purposes will be available for expenditure in the next 12 months.

Note 3. Investments

A summary of investments at March 31, 2024 and 2023, is as follows:

	2024	2023
Mutual funds	$4,821,948	$4,122,633
Corporate bonds	410,016	484,881
U.S. Treasury Notes	221,031	374,692
Other	6,597	6,597
Total	$5,459,592	$4,988,803

Note 3. Investments (continued)

The following schedule summarizes the investment income (loss) and its classification in the statements of activities for the years ended March 31, 2024 and 2023:

	2024	2023
Dividends and interest	$ 124,017	$ 156,259
Realized gains (losses)	151,309	(372,994)
Unrealized gains (losses)	524,949	(119,368)
Investment expenses	(24,036)	(23,395)
Total investment income (loss)	$776,239	$(359,498)

Note 4. Due From Trusts and Estates

Amounts due from trusts and estates are recorded at amounts expected to be collected. At March 31, 2024 and 2023, there was no allowance recorded as management determined all amounts to be fully collectible. No discount has been recorded as substantially all amounts are due in one year or less and any discount would not be material to the financial statements.

Note 5. Property and Equipment

Property and equipment at March 31, 2024 and 2023, consists of the following:

	2024	2023
Land and improvements	$ 508,261	$ 491,986
Buildings and improvements	5,320,190	4,953,459
Leasehold improvements	44,807	44,807
Furniture and fixtures	399,885	389,914
Equipment	1,991,289	1,905,699
Vehicles	197,811	197,811
Construction in process	140,210	90,579
	8,602,453	8,074,255
Accumulated depreciation	(6,209,010)	(6,031,884)
Total property and equipment, net	$ 2,393,443	$ 2,042,371

At March 31, 2024, the estimated cost to complete construction in progress was approximately $2,600,000.

Note 6. Leases

A lease is defined as a contract, or part of a contract, that covers the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration.

The Organization leases its thrift shop under an operating lease agreement. The lease expires in March 2027. Under ASC Topic 842, operating lease agreements are required to be recognized on the statements of financial position as a right-of-use (ROU) asset and a corresponding lease liability. In accordance with ASC Topic 842, the Organization does not recognize short-term leases with a term of less than one year but instead recognizes lease payments as an expense over the lease term as appropriate.

The following table represents the statements of financial position classification of the Organization's ROU asset and lease liability:

Lease Right of Use Asset	Classification on Statement of Financial Position	March 31, 2024	March 31, 2023
Operating Lease ROU Asset	Other Assets	$184,131	$63,329

Lease Right of Use Liability	Classification on Statement of Financial Position	March 31, 2024	March 31, 2023
Operating Lease Liability	Account Payable and Accrued Expenses	$184,131	$63,620

The calculated amount of the ROU asset and lease liability in the table above are impacted by the length of the lease term and the discount rate used to present value the minimum lease payments. The Organization's lease agreement does not include one or more options to renew at the Organization's discretion. Regarding the discount rate, Topic 842 requires the use of the rate implicit in the lease whenever this rate is readily determinable. As this rate was not determinable, the Organization utilized the risk free rate at lease inception over a similar term as the discount rate.

	March 31, 2024	March 31, 2023
Weighted-Average remaining lease term for operating lease	3.0 Years	1.0 Years
Weighted-Average discount rate for operating lease	4.375%	1.625 %

Note 6. Leases (continued)

Future minimum payments for the operating lease with initial or remaining terms of one year or more as of March 31, 2024, were as follows:

	Operating Leases
2025	$ 64,736
2026	65,383
2027	66,037
Amounts representing interest	(12,025)
Net lease liabilities	$184,131

Total rent expense for 2024 and 2023, was $58,463 and $63,804, respectively, and is included in thrift shop, net of direct expense, in the statements of activities.

Note 7. Retirement Expense

On January 1, 2002, the Organization adopted a 403(b) Defined Contribution Pension Plan covering all employees who have met minimum service and age requirements. All eligible employees are allowed to make salary reduction contributions. The Organization matches a portion of participants' contribution to the plan. Upon the adoption of the 403(b) plan, Bethel froze their non-qualified deferred compensation plan which was setup to provide future retirement benefits for certain older, long-term employees who do not have many remaining working years to benefit from the 403(b) plan. This plan provides for a maximum of 55% of employee compensation, reduced by their social security benefits.

Retirement expense consists of the following:

	2024	2023
403(b) contributions	$26,769	$32,556
Deferred compensation payout	34,469	34,469
Change in actuarial valuation of deferred compensation plan	(4,267)	(4,371)
Total retirement expense	$56,971	$62,654

Note 8. Special Events

The Organization had multiple events to promote public awareness of the ministry. The costs of these events are completely covered by the proceeds. A summary of the activity for the events for the years ended March 31, 2024 and 2023, are as follows:

	2024	2023
Classic Weekend		
Unrestricted income	$293,105	$271,695
Direct expenses	(85,791)	(91,332)
Net	207,314	180,363
Run for Hope		
Unrestricted income	8,232	12,894
Direct expenses	(3,378)	(3,664)
Net	4,854	9,230
Total unrestricted income	301,337	284,589
Total direct expenses	(89,169)	(94,996)
Special events income, net	$212,168	$189,593

Note 9. Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

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

Note 9. Fair Value Measurements (continued)

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 used need to maximize the use of 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 March 31, 2024 and 2023.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Corporate bonds and U.S. Treasury Notes: The fair value for debt securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities, using matrix pricing. Matrix pricing is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Other investments: Consists of real estate and is valued based on third party appraisals and are classified within Level 3. The appraisals are sometimes further discounted based on management's historical knowledge, and/or changes in market conditions from the date of the most recent appraisal.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 9. Fair Value Measurements (continued)

The tables below present the recorded amount of assets measured at fair value on a recurring basis at March 31, 2024 and 2023:

	Balance as of March 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Mutual funds:				
Large-cap	$2,809,056	$2,809,056	$ -	$ -
Mid-cap	121,126	121,126	-	-
Small-cap	313,169	313,169	-	-
International	790,189	790,189	-	-
Fixed income	482,922	482,922	-	-
Other	305,486	305,486	-	-
Total mutual funds	4,821,948	4,821,948	-	-
Corporate bonds	410,016	-	410,016	-
U.S. Treasury Notes	221,031	-	221,031	-
Other	6,597	-	-	6,597
Total assets at fair value	$5,459,592	$4,821,948	$631,047	$6,597

	Balance as of March 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Mutual funds:				
Large-cap	$2,399,910	$2,399,910	$ -	$ -
Mid-cap	109,025	109,025	-	-
Small-cap	190,271	190,271	-	-
International	647,513	647,513	-	-
Fixed income	358,873	358,873	-	-
Other	417,041	417,041	-	-
Total mutual funds	4,122,633	4,122,633	-	-
Corporate bonds	484,881	-	484,881	-
U.S. Treasury Notes	374,692	-	374,692	-
Other	6,597	-	-	6,597
Total assets at fair value	$4,988,803	$4,122,633	$859,573	$6,597

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the period. For the years ended March 31, 2024 and 2023, there were no transfers in or out of Levels 1, 2 or 3.

Note 10. Net Assets Without Donor Restrictions

Net assets without donor restrictions are further classified in the statements of financial position as unrestricted or as board-designated endowments. Board-designated endowments are net assets designated solely by the Organization's Board of Trustees for endowment purposes and have been established for discretionary grants and the general operation of the Organization.

	2024	2023
Board designated for:		
Discretionary endowment purposes	$ 20,200	$ 360,101
Discretionary retirement	348,896	307,045
Total board-designated	369,096	667,146
Ministry property and equipment	2,393,443	2,042,371
Available for operations	5,429,692	3,545,408
Total net assets without donor restrictions	$8,192,231	$6,254,925

Note 11. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at March 31, 2024 and 2023:

Subject to expenditure for specified purpose or passage of time:	2024	2023
Trusts and estates distributions	$ 69,671	$1,456,667
Programs	625,931	608,476
Total subject to expenditure for specified purpose	695,602	2,065,143
Endowments	742,268	744,245
Total net assets with donor restrictions	$1,437,870	$2,809,388

Net assets with donor restrictions are included in cash and cash equivalents, investments, and due from trusts and estates.

Note 11. Net Assets With Donor Restrictions (continued)

During the years ended March 31, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

	2024	2023
Time restriction met	$1,386,996	$ -
Programs	88,636	110,343
Building projects	94,494	250,709
	$1,570,126	$361,052

Note 12. Endowments

The Organization's endowment includes both restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law:

The Board of Trustees of the Organization has interpreted the state of Tennessee's 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, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not permanently restricted is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization 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 the Organization and the donor-restricted endowment fund.

Note 12. Endowments (continued)

(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 the Organization.

(7) The investment policies of the Organization.

Endowment net assets by type of fund consist of the following at March 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	$ -	$742,268	$ 742,268
Board-designated endowment funds	369,096	-	369,096
Endowment net assets, end of year	$369,096	$742,268	$1,111,364

Changes in endowment net assets for the fiscal year ended March 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 667,146	$744,245	$1,411,391
Investment income, net	72,053	74,078	146,131
Appropriations	(370,103)	(76,055)	(446,158)
Endowment net assets, end of year	$ 369,096	$742,268	$1,111,364

Endowment net assets by type of fund consist of the following at March 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	$ -	$744,245	$ 744,245
Board-designated endowment funds	667,146	-	667,146
Endowment net assets, end of year	$667,146	$744,245	$1,411,391

Note 12. Endowments (continued)

Changes in endowment net assets for the fiscal year ended March 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$766,567	$762,680	$1,529,247
Investment loss, net	(35,385)	(1,016)	(36,401)
Appropriations	(64,036)	(17,419)	(81,455)
Endowment net assets, end of year	$667,146	$744,245	$1,411,391

Underwater endowment funds:

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 UPMIFA requires the Organization to retain as a fund of perpetual duration. At March 31, 2024 and 2023, there were no deficiencies of this nature.

Return objectives and risk parameters:

The primary financial objective of the endowment is to provide funds for the current and future support of the operation of the Organization. The funds' performance objective is to maximize total return consistent with a prudent level of risk to ensure long-term growth.

The Board of Trustees believe the most prudent way to minimize volatility of the total portfolio without foregoing significant investment return is through a program of broad diversification. Central to the achievement of this goal is the concept of investing in asset classes that demonstrate relatively low correlation to one another. These correlations and their total impact on the total portfolio will be reviewed on an annual basis by the Board's investment committee to determine the effectiveness of the diversification program.

Strategies employed for achieving objectives:

To satisfy its objectives, the Organization 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). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy of appropriating for distribution up to 5 percent a year of its endowment fund's average fair value over the past 3 years at fiscal year-end preceding the fiscal year in which the distribution is planned, subject to approval of the Board of Trustees. Accordingly, over the long term, the Organization expects its endowment to grow at an average rate that is in excess of its appropriation. This is consistent with the Organization's objective of long-term growth of the endowment fund.

Note 13. Related Party Transactions

Bethel Bible Village occasionally purchases goods and services from companies whose owners or officers are trustees or relatives of trustees of the Organization. These transactions totaled $16,275 and $512,725 for the years ended March 31, 2024 and 2023.