

LEADING THE WAY WITH  
DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2025 and 2024  
AND  
INDEPENDENT AUDITORS' REPORT

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
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JUNE 30, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Leading The Way with Dr. Michael Youssef, Inc. and Affiliate  
Atlanta, Georgia

***Opinion***

We have audited the accompanying consolidated financial statements of Leading The Way with Dr. Michael Youssef, Inc., and Affiliate, ("LTW") which comprise the statements of financial position as of June 30, 2025 and 2024, 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 *Leading The Way with Dr. Michael Youssef, Inc., and Affiliate* as of June 30, 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 audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LTW and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 LTW'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 the LTW'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.

*Reed, Quinn & McClure*

Lawrenceville, Georgia  
February 3, 2026

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,599,063	\$ 14,069,412
Accounts receivable	107,115	176,513
Prepaid expenses	896,814	1,064,167
Investments	14,545,412	6,327,851
Property, plant and equipment, net of accumulated depreciation	6,143,995	7,217,725
Projects in progress	37,750	88,467
Investment - long term	8,099,640	5,129,793
Other assets	260,079	217,986
Total assets	\$ 43,689,868	\$ 34,291,914
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 387,807	\$ 557,397
Accrued expenses	776,172	766,520
Deferred revenue	22,000	-
Total liabilities	1,185,979	1,323,917
 <b>Net Assets</b>		
Without restrictions	34,500,918	24,911,506
Unrestricted - designated for endowment	7,330,000	7,330,000
Total unrestricted net assets	41,830,918	32,241,506
With restrictions	672,971	726,491
Total net assets	42,503,889	32,967,997
Total liabilities and net assets	\$ 43,689,868	\$ 34,291,914

The accompanying notes are an integral part of these financial statements.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2025 and 2024

	2025			2024		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
<b>REVENUES, GAINS AND SUPPORT</b>						
Contributions	\$ 30,277,315	\$ 1,882,706	\$ 32,160,021	\$ 20,273,874	\$ 1,728,195	\$ 22,002,069
Product sales	84,220	-	84,220	118,566	-	118,566
Satellite partners	-	539,850	539,850	-	527,350	527,350
Investment income	1,208,131	-	1,208,131	921,934	-	921,934
Rental revenues	256,570	-	256,570	263,900	-	263,900
Miscellaneous	101,225	-	101,225	128,085	-	128,085
Total revenues and support	31,927,461	2,422,556	34,350,017	21,706,359	2,255,545	23,961,904
Net assets released from restrictions	2,476,076	(2,476,076)	-	2,257,542	(2,257,542)	-
Total revenues, gains and support	<u>34,403,537</u>	<u>(53,520)</u>	<u>34,350,017</u>	<u>23,963,901</u>	<u>(1,997)</u>	<u>23,961,904</u>
<b>EXPENSES AND LOSSES</b>						
Program services						
Domestic	15,827,666	-	15,827,666	17,627,284	-	17,627,284
International	5,733,868	-	5,733,868	9,058,984	-	9,058,984
Total program services	21,561,534	-	21,561,534	26,686,268	-	26,686,268
Management and general	1,089,479	-	1,089,479	1,011,914	-	1,011,914
Fundraising	2,163,112	-	2,163,112	1,694,322	-	1,694,322
Total expenses and losses	<u>24,814,125</u>	<u>-</u>	<u>24,814,125</u>	<u>29,392,504</u>	<u>-</u>	<u>29,392,504</u>
INCREASE (DECREASE) IN NET ASSETS	9,589,412	(53,520)	9,535,892	(5,428,603)	(1,997)	(5,430,600)
NET ASSETS - BEGINNING OF YEAR	<u>32,241,506</u>	<u>726,491</u>	<u>32,967,997</u>	<u>37,670,109</u>	<u>728,488</u>	<u>38,398,597</u>
NET ASSETS - END OF YEAR	<u>\$ 41,830,918</u>	<u>\$ 672,971</u>	<u>\$ 42,503,889</u>	<u>\$ 32,241,506</u>	<u>\$ 726,491</u>	<u>\$ 32,967,997</u>

The accompanying notes are an integral part of these financial statements.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services			Management and General	Fundraising	Total
	Domestic Program	International Program	Total Program			
Salaries and benefits	\$ 2,407,211	\$ 1,246,099	\$ 3,653,310	\$ 571,388	\$ 986,750	\$ 5,211,448
Benevolence and grants	-	850	850	-	-	850
Building expenses	187,302	42,569	229,871	34,055	19,865	283,791
Communications and outreach	1,076,992	360,911	1,437,903	-	210,499	1,648,402
Contracted services	995,917	752,656	1,748,573	53,940	113,461	1,915,974
Depreciation	823,044	187,056	1,010,100	149,644	87,293	1,247,037
Events	36,532	3,015	39,547	-	119,139	158,686
Miscellaneous	47,647	31,803	79,450	38,040	23,288	140,778
Office expense	289,040	120,700	409,740	94,094	21,052	524,886
Postage and shipping	149,240	760	150,000	951	30,959	181,910
Production	880,482	801,102	1,681,584	40	58	1,681,682
Professional services	20,908	43	20,951	57,502	125,708	204,161
Program airtime	7,817,622	1,548,299	9,365,921	-	-	9,365,921
Technology and website	743,194	352,732	1,095,926	41,932	64,383	1,202,241
Travel	252,345	262,502	514,847	29,677	350,031	894,555
Utilities	100,190	22,771	122,961	18,216	10,626	151,803
Total expenses	<u>\$ 15,827,666</u>	<u>\$ 5,733,868</u>	<u>\$ 21,561,534</u>	<u>\$ 1,089,479</u>	<u>\$ 2,163,112</u>	<u>\$ 24,814,125</u>

The accompanying notes are an integral part of these financial statements

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Management and General	Fundraising	Total
	Domestic Program	International Program	Total Program			
Salaries and benefits	\$ 2,347,253	1,193,841	3,541,094	554,914	826,982	\$ 4,922,990
Building expenses	147,870	33,607	181,477	26,885	15,683	224,045
Communications and outreach	1,483,903	799,130	2,283,033	-	250,618	2,533,651
Contracted services	1,113,448	955,911	2,069,359	58,124	117,561	2,245,044
Depreciation	842,451	191,466	1,033,917	153,173	89,351	1,276,441
Events	332,820	933,793	1,266,613	-	1,350	1,267,963
Miscellaneous	64,449	141,236	205,685	18,407	24,732	248,824
Office expense	322,101	50,136	372,237	96,506	20,467	489,210
Postage and shipping	230,205	5,273	235,478	1,141	37,569	274,188
Production	1,212,658	1,581,973	2,794,631	40	58	2,794,729
Professional services	23,187	32	23,219	35,307	117,225	175,751
Program airtime	8,226,810	1,754,105	9,980,915	-	-	9,980,915
Technology and website	859,342	383,249	1,242,591	38,884	65,915	1,347,390
Travel	316,551	1,011,542	1,328,093	9,581	115,756	1,453,430
Utilities	104,236	23,690	127,926	18,952	11,055	157,933
Total expenses	<u>\$ 17,627,284</u>	<u>\$ 9,058,984</u>	<u>\$ 26,686,268</u>	<u>\$ 1,011,914</u>	<u>\$ 1,694,322</u>	<u>\$ 29,392,504</u>

The accompanying notes are an integral part of these financial statements

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2025 and 2024  
Increase (Decrease) in Cash

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 9,535,892	\$ (5,430,600)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	1,247,037	1,276,441
(Gain) loss on investments	(167,482)	(205,512)
Loss on disposal of assets	91,083	-
Accounts receivable	69,398	(109,087)
Prepaid expenses	167,353	515,976
Other assets	(42,093)	-
Accounts payable	(169,590)	130,073
Accrued expenses	9,652	(37,093)
Deferred revenue	22,000	-
Net cash provided (used) by operating activities	10,763,250	(3,859,802)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(213,673)	(297,588)
Purchase and reinvestment of investment earnings	(27,947,940)	(6,906,086)
Proceeds from maturity of investments	16,928,014	5,420,000
Net cash provided (used) by investing activities	(11,233,599)	(1,783,674)
<b>INCREASE (DECREASE) IN CASH</b>	(470,349)	(5,643,476)
Cash - beginning of the year	14,069,412	19,712,888
Cash - end of year	\$ 13,599,063	\$ 14,069,412
<b>SUPPLEMENTAL DISCLOSURES</b>		
Non-cash activities:		
Fair value of non-cash contributions	\$ 559,087	\$ 426,188

The accompanying notes are an integral part of these financial statements.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 and 2024

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements include the accounts of Leading The Way with Dr. Michael Youssef, Inc. (“LTW”), and McMichael Communications Group, Inc. (“MCG”). All material inter-organization transactions have been eliminated.

Leading The Way with Dr. Michael Youssef, Inc. is a global ministry committed to sharing the Gospel with the lost and equipping believers to grow into a deeper walk with Christ. LTW’s television and radio programs are broadcast in 28 languages, reaching six continents. LTW also produces DVDs, CDs, books, a monthly devotional magazine, solar-powered *Navigator* devices, and daily e-devotionals to spread the light of Christ. Since 2009, THE KINGDOM SAT satellite television channel has broadcasted Biblical Truth 24/7 across the Muslim World in English, Arabic, and French while Field Teams provide direct response and discipleship to viewers on the ground.

McMichael Communications Group, Inc. is a non-profit organization, which was established to serve as a supporting organization to LTW. MCG purchases airtime on radio and television stations throughout the world on behalf of LTW. LTW pays MCG for the cost of the airtime and provides MCG with office space and administrative services at no charge.

LTW is funded primarily through contributions from the general public, The Church of The Apostles of Atlanta, satellite partners, and rental revenues.

*Financial Statement Presentation*

LTW is required to report information regarding its financial position and activities according to two classes of net assets: net asset without restrictions and net assets with restrictions. In addition, LTW is required to present a statement of cash flows. Assets on the statement of financial position are listed in order of decreasing liquidity. Liabilities are listed according to nearness of maturity.

*Fair Value of Financial Instruments*

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels used to measure fair value are as follows:

- Level 1 Quoted prices in an active market for identical assets or liabilities.
- Level 2 Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; this includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2025 and 2024

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Fair Value of Financial Instruments - continued*

Cash and cash equivalents and accounts payable are stated at cost, which approximates fair value due to their short-term maturity. Collections of art donated to the organization are valued at Level 3 fair values.

*Contributions*

All contributions and unconditional promises to give are recorded without restrictions or with restrictions depending on the existence and/or nature of any donor restrictions. Net assets with restrictions are reclassified to net assets without restrictions upon satisfaction of the time or purpose restriction and reported on the statement of activities as net assets released from restrictions. When the donor restrictions are satisfied within the same reporting period as the restricted contribution is made, the restricted contribution is reported as restricted and as released from restriction.

*Donated Services and Non-Monetary Assets*

Contributions of nonmonetary assets are recorded at fair value at the date of receipt, contributions of services that can be a) measured by the creation or enhancement of a nonfinancial asset or b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not contributed. No amounts have been reflected in the financial statements for contributed services.

*Revenues from Lease agreements*

Lease revenues are recognized over the term of the lease on a straight-line basis. Amounts recognized in excess of amounts received are included on the statement of financial position in accounts receivable. See Note 9 for further details.

*Functional allocation of expenses*

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting function of LTW. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, occupancy costs, the President's office, and information technology department. Depreciation and occupancy costs are allocated based on square footage, the President's office is allocated based on estimates of time and effort, and the information technology department is allocated based on headcount.

*Income Taxes*

LTW and MCG are qualified as tax-exempt organizations under Internal Revenue Code Section 501(c)(3). The IRS has determined that neither organization is a private foundation. Accordingly, no provision for income taxes is necessary.

*Cash and Cash Equivalents*

For purposes of reporting on the statement of cash flows, cash and cash equivalents include cash and investments with an initial maturity of three months or less.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2025 and 2024

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Investments*

The Company classifies its debt securities as “held to maturity” if it has the positive intent and ability to hold the securities to maturity and reports them in the financial statements at amortized cost. All other investments are reported at fair value. Unrealized gains and losses arising from changes in the fair value of the investments are reported in the statements of activities as increases or decreases in net assets as appropriate. Investment fees are reported as a reduction of investment income.

*Property and Equipment*

Property and equipment are recorded at cost, if purchased, or fair market value at date of donation. Repairs and maintenance are expensed as incurred, and any betterments that extend the useful life of an asset are capitalized. Depreciation is computed using the straight-line method over the estimated useful life of the asset as follows:

<i>Asset Category</i>	<i>Useful Life</i>
Building	39 years
Building improvements	15 years
Equipment	3 - 5 years
Furniture and fixtures	7 years
Intangibles	3 - 5 years

*Estimates*

Financial statements prepared in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

*Subsequent Events*

In preparing these financial statements, LTW has evaluated events and transactions for potential recognition or disclosure through February 3, 2026 the date the financial statements were available to be issued.

**2. CONCENTRATIONS**

*Credit risk*

LTW maintains its cash balances in high credit quality institutions. These balances are insured by the FDIC up to \$250,000 for interest-bearing accounts, per financial institution. On June 30, 2025 and 2024, LTW had balances in excess of the FDIC insured limits of approximately \$11,547,705 and \$12,021,879, respectively.

LTW maintains investments in a brokerage account that is a member of the Securities Investor Protection Corporation (SIPC) which protects against the loss of cash and securities in the event of insolvency and liquidation. SIPC coverage is limited to \$500,000 per customer, including up to \$250,000 for cash. In addition, there is insurance coverage which becomes available if the SIPC limit is exhausted and provides additional protection up to \$1 billion, including \$1.9 million for cash per customer. SIPC does not insure the quality of investments or protect against market losses.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2025 and 2024

**3. INVESTMENTS**

Investments consist of the following on June 30:

2025	Amortized Cost	Fair Value	Total Carrying Value
Money Market Funds	\$ -	\$ 674,618	\$ 674,618
U.S. Treasury Securities (held-to-maturity)	11,044,171	-	11,044,171
Fixed Income Securities (held-to-maturity)	2,750,000	-	2,750,000
Mutual Funds	-	72,707	72,707
Equity Securities	-	4,050,343	4,050,343
Fixed Index Annuity	-	4,053,214	4,053,214
Total Investments	<u>\$ 13,794,171</u>	<u>\$ 8,850,882</u>	<u>\$ 22,645,053</u>

2024	Amortized Cost	Fair Value	Total Carrying Value
Money Market Funds	\$ -	\$ 674,508	\$ 674,508
U.S. Treasury Securities (held-to-maturity)	5,587,325	-	5,587,325
Mutual Funds	-	66,018	66,018
Fixed Index Annuity	-	3,879,793	3,879,793
Equity Investments	-	1,250,000	1,250,000
Total Investments	<u>\$ 5,587,325</u>	<u>\$ 5,870,319</u>	<u>\$ 11,457,644</u>

Investments measured at fair value on a recurring basis consist of:

2025	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 674,618	\$ -	\$ -	\$ 674,618
Mutual Funds	72,707	-	-	72,707
Equity Securities	4,050,343	-	-	4,050,343
Fixed Indexed Annuity	-	-	4,053,214	4,053,214
Total at fair value	<u>\$ 4,797,668</u>	<u>\$ -</u>	<u>\$ 4,053,214</u>	<u>\$ 8,850,882</u>

2024	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 674,508	\$ -	\$ -	\$ 674,508
Mutual Funds	66,018	-	-	66,018
Equity Investments	-	-	1,250,000	1,250,000
Fixed Indexed Annuity	-	-	3,879,793	3,879,793
Total at fair value	<u>\$ 740,526</u>	<u>\$ -</u>	<u>\$ 5,129,793</u>	<u>\$ 5,870,319</u>

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2025 and 2024

**3. INVESTMENTS – Continued**

The following is a reconciliation of the beginning and ending balances for Level 3 investments measured at fair value on a recurring basis for the year ended June 30, 2025 and 2024. Level 3 investments managed at fair value on a recurring basis consist solely of the fixed index annuity at June 30, 2025.

2025	Level 3
Beginning balances	\$ 5,129,793
Purchases	-
Conversion of prior fair value equity	(1,250,000)
Earnings	173,421
Ending balance	\$ 4,053,214
2024	Level 3
Beginning balances	\$ 3,719,930
Purchases	1,250,000
Sales/redemption	-
Earnings	159,863
Ending balance	\$ 5,129,793

During the year ended June 30, 2025, the Organization’s equity investments in BCG Construction Finance, LLC totaling \$1,250,000 were exchanged for secured promissory notes issued by BCG Construction Finance, LLC. In addition, the Organization advanced an additional \$1,500,000 under the terms of the promissory notes, resulting in total principal outstanding of \$2,750,000 at June 30, 2025.

The promissory notes bear interest at 10% per annum on the initial \$1,250,000 and 8% on the additional \$1,500,000, and mature in 2027. The notes are secured by deeds to secure debt on real property located in Banks County, Georgia. Upon conversion, the promissory notes were recorded at an amount approximating the carrying value of the equity investments at the date of exchange. No gain or loss was recognized on the conversion.

Debt securities that the organization has the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost.

At June 30, 2025 and 2024, the amortized cost and estimated fair value of held-to-maturity securities were as follows:

2025	Amortized Cost	Fair Value	Fair Value Level
U.S. Treasury securities	\$ 11,044,171	\$ 11,051,664	Level 2
Fixed Income securities	2,750,000	2,750,000	Level 3
Total held-to-maturity securities	\$ 13,794,171	\$ 13,801,664	
2024	Amortized Cost	Fair Value	Fair Value Level
U.S. Treasury securities	\$ 5,587,325	\$ 5,587,827	Level 2
Total held-to-maturity securities	\$ 5,587,325	\$ 5,587,827	

LEADING THE WAY WITH DR. MICHAEL YOUSSEF, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2025 and 2024

**3. INVESTMENTS – Continued**

The estimated fair value of U.S. Treasury securities was determined using evaluated pricing provided by broker statements based on observable market inputs and is classified as Level 2 within the fair value hierarchy.

The fair value of the corporate promissory note was determined using a discounted cash flow model based on estimated market interest rates for similar instruments with comparable terms and credit risk. Because the notes bear interest at rates ranging from 8% to 10%, which approximate current market rates, the estimated fair value approximates the carrying value. The valuation is classified as Level 3 within the fair value hierarchy.

Investment income consists of the following on June 30:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 1,068,430	\$ 716,422
Realized gains (losses)	1,750	68,664
Unrealized gains/(losses)	<u>137,951</u>	<u>136,848</u>
Total investment income (loss)	<u>\$ 1,208,131</u>	<u>\$ 921,934</u>

**4. PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment consist of the following:

	<u>2025</u>	<u>2024</u>
Building and improvements	\$ 11,276,641	\$ 11,267,988
Equipment	6,033,531	6,013,843
Furniture and fixtures	673,736	673,736
Artwork	346,550	346,550
Intangibles	<u>873,855</u>	<u>1,484,770</u>
Total	19,204,313	19,786,887
Less: Accumulated depreciation	<u>(13,060,318)</u>	<u>(12,569,162)</u>
	<u>\$ 6,143,995</u>	<u>\$ 7,217,725</u>
Depreciation expense	<u>\$ 1,247,037</u>	<u>\$ 1,276,441</u>

**5. QUASI ENDOWMENT FUND**

The Board of Directors has established an endowment fund for payment of administrative costs of LTW. Net assets allocated to the endowment fund consist solely of amounts designated by the Board. There are no donor restrictions on the use of these funds. Subsequent Boards may use these assets for any purpose they deem appropriate. At June 30, 2025 and 2024 the balance in the fund was \$7,330,000 for each year.

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**6. RELATED PARTY TRANSACTIONS**

Certain individuals serve on the boards of Leading The Way with Dr. Michael Youssef, Inc., the Foundation of the Holy Apostles, and the Vestry of The Church of The Apostles of Atlanta, Inc. The Church contributed approximately \$1,983,311 and \$1,912,367, to LTW for the years ended June 30, 2025 and 2024, respectively.

**7. NET ASSETS WITH RESTRICTIONS**

On June 30 net assets with restrictions were available as follows:

	<u>2025</u>	<u>2024</u>
Navigators	\$ 638,888	\$ 642,453
Benevolence	29,083	21,158
KSAT	5,000	25,000
Jamaica	-	37,880
	<u>\$ 672,971</u>	<u>\$ 726,491</u>

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:

	<u>2025</u>	<u>2024</u>
Benevolence	\$ 450	\$ 3,720
Domestic Evangelism and outreach	168,786	92,417
Evangelistic campaigns	8,000	310,500
Finding True Peace	601,370	550,850
International Evangelism and outreach	190,667	125,258
Jamaica	37,880	35,017
KSAT	20,000	-
MuslimWorld Outreach	903,620	858,951
Navigators	444,101	278,703
AWAKE America	100,270	-
Other contributions with restrictions	932	2,126
	<u>\$ 2,476,076</u>	<u>\$ 2,257,542</u>

**8. RETIREMENT PLAN**

LTW maintains a defined contribution retirement plan for its employees. It makes discretionary contributions to all eligible employees. Employees are fully vested in employer discretionary contributions after 5 years of service. Employees may also make elective salary deferrals to the plan. LTW contributed \$318,672 and \$261,217, to the plan during the years ended June 30, 2025 and 2024, respectively.

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**9. RENT INCOME**

LTW rents office space to unrelated parties. These leases have annual increases, and one lease has rent abatement provisions. Lease revenue is recognized on a straight-line basis over the term of the lease.

Amounts recognized as rental income for all leases for the years ending June 30, 2025 and 2024, were \$256,570 and \$263,900, respectively and includes common area maintenance receipts. On June 30, 2025 and 2024, the difference in the amount received and the amount recognized is included in other assets for \$99,030 and \$86,573, respectively.

Future amounts to be received on the multi-year lease agreements are:

YEAR	AMOUNT
2026	270,814
2027	257,389
	\$ 528,203

**10. LIQUIDITY AND AVAILABILITY OF RESOURCES**

LTW had \$28,348,259 and \$17,647,078 at June 30, 2025 and 2024, respectively, in financial assets available within one year to meet cash needs for general expenditures. Financial assets at June 30, 2025 include cash and cash equivalents of \$13,599,063, accounts receivable of \$107,115, investments of \$22,645,053 less a quasi-endowment of \$7,330,000 and donor imposed restricted funds of \$672,971. Financial assets at June 30, 2024 include cash and cash equivalents of \$14,069,412, accounts receivable of \$176,513, investments of \$11,457,644 less a quasi-endowment of \$7,330,000 and donor imposed restricted funds of \$726,491.

Although LTW does not intend to spend from its quasi-endowment of \$7,330,000, described in note 5, other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary. LTW structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, LTW invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury bills.

**11. SUBSEQUENT EVENTS**

Subsequent to June 30, 2025, the LTW modified the terms of its investment in BCG Construction. The BCG Construction investment was previously classified as a Level 3 financial instrument within the fair value hierarchy due to the use of significant unobservable inputs, was restructured through the execution of a security deed securing LTW's interest.

Management has evaluated subsequent events through the date the financial statements were issued and determined that, other than as described above, no additional subsequent events occurred that would require recognition or disclosure in the accompanying consolidated financial statements.