



SLAVIC GOSPEL ASSOCIATION

FINANCIAL STATEMENTS

With Independent Auditors' Report

June 30, 2026 and 2025

SLAVIC GOSPEL ASSOCIATION

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SLAVIC GOSPEL ASSOCIATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses – Year Ended June 30, 2026	5
Statement of Functional Expenses – Year Ended June 30, 2025	6
Statements of Cash Flows	7
Notes to Financial Statements	8-18



INDEPENDENT AUDITORS' REPORT

**Board of Directors
Slavic Gospel Association
Loves Park, IL**

OPINION

We have audited the financial statements of Slavic Gospel Association, comprising the statements of financial position as of June 30, 2026 and 2025, 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 accompanying financial statements present fairly, in all material respects, the financial position of Slavic Gospel Association as of June 30, 2026 and 2025 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 (GAAS). 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 Slavic Gospel Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of 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 Slavic Gospel Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS 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 GAAS, we:

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

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INDEPENDENT AUDITORS' REPORT, continued

- 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 Slavic Gospel Association'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 Slavic Gospel Association'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.



Wyoming, Michigan
September 3, 2026

SLAVIC GOSPEL ASSOCIATION

Statements of Financial Position

	June 30,	
	2026	2025
ASSETS		
Cash and cash equivalents	\$ 1,818,402	\$ 2,368,994
Investments	1,086,209	1,066,605
Prepaid expenses	148,575	162,523
Other assets	10,256	13,251
Bequest and estate receivables	132,957	523,288
Property and equipment	520,082	482,046
Total Assets	<u>\$ 3,716,481</u>	<u>\$ 4,616,707</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 148,094	\$ 117,024
Accrued payroll and related liabilities	209,423	202,802
Post-retirement benefit obligation	205,301	199,833
Total Liabilities	<u>562,818</u>	<u>519,659</u>
Net Assets		
Without donor restrictions		
Undesignated	1,837,406	1,930,741
With donor restrictions	1,316,257	2,166,307
Total Net Assets	<u>3,153,663</u>	<u>4,097,048</u>
Total Liabilities and Net Assets	<u>\$ 3,716,481</u>	<u>\$ 4,616,707</u>

See accompanying notes and independent auditors' report

SLAVIC GOSPEL ASSOCIATION

Statements of Activities

	Years Ended June 30,					
	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 4,278,805	\$ 8,151,571	\$ 12,430,376	\$ 4,318,436	\$ 8,436,488	\$ 12,754,924
Foundation grants	191,335	185,081	376,416	164,989	153,960	318,949
In-kind contributions	49,010	-	49,010	163,656	-	163,656
Investment income	59,702	-	59,702	96,377	-	96,377
Other	130,543	-	130,543	138,724	-	138,724
Total Support and Revenue	4,709,395	8,336,652	13,046,047	4,882,182	8,590,448	13,472,630
RECLASSIFICATIONS						
Net assets released for satisfaction of time restrictions	430,871	(430,871)	-	43,922	(43,922)	-
purpose restrictions	8,755,831	(8,755,831)	-	8,001,767	(8,001,767)	-
Total Reclassifications	9,186,702	(9,186,702)	-	8,045,689	(8,045,689)	-
EXPENSES						
Program						
Training	2,436,015	-	2,436,015	2,089,522	-	2,089,522
Equipping	4,662,571	-	4,662,571	4,160,674	-	4,160,674
Sponsoring	3,081,769	-	3,081,769	2,981,016	-	2,981,016
	10,180,355	-	10,180,355	9,231,212	-	9,231,212
Management and general	1,261,555	-	1,261,555	1,277,126	-	1,277,126
Fund-raising	2,547,522	-	2,547,522	2,419,866	-	2,419,866
	3,809,077	-	3,809,077	3,696,992	-	3,696,992
Total Expenses	13,989,432	-	13,989,432	12,928,204	-	12,928,204
Change in Net Assets	(93,335)	(850,050)	(943,385)	(333)	544,759	544,426
Net Assets, Beginning of Year	1,930,741	2,166,307	4,097,048	1,931,074	1,621,548	3,552,622
Net Assets, End of Year	\$ 1,837,406	\$ 1,316,257	\$ 3,153,663	\$ 1,930,741	\$ 2,166,307	\$ 4,097,048

See accompanying notes and independent auditors' report

SLAVIC GOSPEL ASSOCIATION

Statement of Functional Expenses

Year Ended June 30, 2026

	Program				Management and General	Fund- Raising	Total
	Training	Equipping	Sponsoring	Total			
Salary, benefits and taxes	\$ 337,739	\$ 468,308	\$ 437,290	\$ 1,243,337	\$ 590,271	\$ 603,397	\$ 2,437,005
Professional services	106,722	97,258	72,384	276,364	194,805	648,762	1,119,931
Printing and mailing services	-	-	-	-	-	431,425	431,425
Promotion	-	-	-	-	-	251,949	251,949
Office	41,900	54,982	48,715	145,597	182,383	436,048	764,028
Travel	84,255	40,426	31,485	156,166	34,758	95,550	286,474
Contributions to global/local partners	1,812,896	3,788,159	2,427,808	8,028,863	-	-	8,028,863
Information technology	306	3,085	556	3,947	25,950	37,246	67,143
Occupancy	1,788	6,513	3,016	11,317	47,855	9,242	68,414
Depreciation	3,024	5,915	3,329	12,268	28,480	10,341	51,089
Other	47,385	197,925	57,186	302,496	157,053	23,562	483,111
Total Expenses	<u>\$ 2,436,015</u>	<u>\$ 4,662,571</u>	<u>\$ 3,081,769</u>	<u>\$ 10,180,355</u>	<u>\$ 1,261,555</u>	<u>\$ 2,547,522</u>	<u>\$ 13,989,432</u>

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square footage basis, as well as salaries, benefits and taxes, travel, and certain office expenses, which are allocated on the basis of estimates of time and effort.

See accompanying notes and independent auditors' report

SLAVIC GOSPEL ASSOCIATION

Statement of Functional Expenses

Year Ended June 30, 2025

	Program				Management and General	Fund- Raising	Total
	Training	Equipping	Sponsoring	Total			
Salary, benefits and taxes	\$ 319,597	\$ 460,824	\$ 413,295	\$ 1,193,716	\$ 634,917	\$ 553,435	\$ 2,382,068
Professional services	73,374	114,158	66,853	254,385	192,231	639,954	1,086,570
Printing and mailing services	-	-	-	-	-	458,349	458,349
Promotion	-	-	-	-	-	206,058	206,058
Office	37,501	53,141	45,024	135,666	145,852	392,250	673,768
Travel	78,258	39,623	25,447	143,328	26,020	94,749	264,097
Contributions to global/local partners	1,534,252	3,276,361	2,367,930	7,178,543	-	-	7,178,543
Information technology	325	4,960	843	6,128	29,707	28,618	64,453
Occupancy	1,602	7,532	4,640	13,774	50,308	10,671	74,753
Depreciation	1,419	7,418	3,301	12,138	27,678	10,222	50,038
Other	43,194	196,657	53,683	293,534	170,413	25,560	489,507
Total Expenses	<u>\$ 2,089,522</u>	<u>\$ 4,160,674</u>	<u>\$ 2,981,016</u>	<u>\$ 9,231,212</u>	<u>\$ 1,277,126</u>	<u>\$ 2,419,866</u>	<u>\$ 12,928,204</u>

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square footage basis, as well as salaries, benefits and taxes, travel, and certain office expenses, which are allocated on the basis of estimates of time and effort.

See accompanying notes and independent auditors' report

SLAVIC GOSPEL ASSOCIATION

Statements of Cash Flows

	Years Ended June 30,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (943,385)	\$ 544,426
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Contributions of marketable securities and real estate	(142,416)	(326,864)
Increase in value of remainder unitrusts	-	(4,952)
Realized and unrealized losses (gains) from investments	9,719	(4,930)
Decrease in actuarial value of accrued post-retirement benefits	32,744	35,886
Write-off of funds held in trust by others	-	3,000
Depreciation	51,089	50,038
Change in:		
Prepaid expenses	13,948	856
Other assets	2,995	(2,954)
Bequest and estate receivables	390,331	(482,366)
Accounts payable	31,070	13,772
Accrued payroll and related liabilities	6,621	19,125
Post-retirement benefit obligation	(27,276)	(24,961)
Net Cash Used by Operating Activities	(574,560)	(179,924)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments and real estate	739,853	330,502
Purchases of investments	(626,760)	(248,975)
Purchases of property and equipment	(89,125)	(20,774)
Net Cash Provided by Investing Activities	23,968	60,753
Change in Cash and Cash Equivalents	(550,592)	(119,171)
Cash and Cash Equivalents, Beginning of Year	2,368,994	2,488,165
Cash and Cash Equivalents, End of Year	\$ 1,818,402	\$ 2,368,994

See accompanying notes and independent auditors' report

SLAVIC GOSPEL ASSOCIATION

Notes to Financial Statements

June 30, 2026 and 2025

1. NATURE OF ORGANIZATION

Slavic Gospel Association (SGA) is an interdenominational, evangelical missionary organization dedicated to helping evangelical churches make disciples of the people of the former Soviet and Bloc countries in Eastern Europe and Central Asia, and the Slavic people in Israel for our Lord and Savior, Jesus Christ, through prayer, strategic ministry and financial assistance. Its main objectives are to stimulate, develop and maintain a vital, growing base of faithful prayer support; to strengthen and encourage evangelical churches, the other SGA international ministries, and other like-minded parachurch ministries; to provide for the training and equipping of national pastors, missionaries, church planters and lay workers; to secure and coordinate the sponsorship and equipping of national missionaries, church planters and local churches; to equip local churches for strategic outreach ministries; to assist in the development of church-based media ministries; to provide appropriate language Bibles, New Testaments, Bible study tools, theology texts, commentaries, etc., as well as literature for evangelism and discipleship to facilitate the achievement of the previously stated objectives. The financial statements do not include the financial position, results of activities or cash flows of SGA's affiliated organizations in Canada, Germany, the United Kingdom, the former Soviet Union, New Zealand or Australia, due to their financial and administrative independence.

As a faith mission, SGA is dependent upon God as He moves the hearts of interested individuals, local churches and other organizations to meet financial needs. Strict fiscal integrity is maintained. The mission is a charter member of the Evangelical Council for Financial Accountability.

SGA is nonprofit corporation incorporated in Illinois and is exempt from federal taxes under section 501(c)(3) of the United States Internal Revenue Code (code) and comparable state law, and has been defined as a publicly supported organization that is not a private foundation under Section 509(a)(1) of the code. Contributions to SGA are tax deductible within the limits prescribed by the code.

Support for SGA's ministry comes primarily from donor contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of SGA have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in interest bearing accounts (checking and savings), money market accounts, highly liquid investments with original maturities of less than 90 days, and cash held by overseas partners not yet spent. Cash accounts may, at times, exceed federally insured limits. At June 30, 2026 and 2025, SGA's cash balances exceeded federally insured limits by \$-0- and \$196,778, respectively. SGA has not experienced any loss on these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

SLAVIC GOSPEL ASSOCIATION

Notes to Financial Statements

June 30, 2026 and 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

INVESTMENTS

Investments consist primarily of managed portfolios of cash equivalents and mutual funds. Funds held in these managed portfolios are classified as available for sale and carried at fair value based on quoted prices in active markets where applicable and estimated market value when no ready market exists. For purposes of determining gross realized gains and losses, the cost of securities sold is based on specific identification. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Donated investments are reported at market value at the date of donation and thereafter carried in accordance with the above policies.

During the year ended June 30, 2021, SGA received as a contribution a 20 percent share in 14,052 partner units of a gold mining limited partnership. Because this investment is not a publicly-traded holding and because determining the fair value would entail costly appraisals, it is being reported on the cost basis of accounting. SGA recorded an initial basis in this holding of \$217,600, based on a professional appraisal of fair value obtained by the donor in August 2019. Because of the volatile and uncertain nature of this holding, SGA accounted for any distributions received as return of principal, thereby reducing its basis to \$10,000, which will remain the basis until the partnership terminates or is sold.

PREPAID EXPENSES

Prepaid expenses at June 30, 2026 and 2025 consist of expenditures for insurance, postage, software, travel and other operating costs which were paid prior to the end of the fiscal years but which benefit the subsequent fiscal years.

OTHER ASSETS

Other assets consists of employee advances, vendor credit memos and contributions receivable at June 30, 2026 and 2025.

BEQUEST AND ESTATE RECEIVABLES

Bequest and estate receivables consists of assets due to SGA from estates and trusts. SGA reports amounts due from planned giving if the gift is irrevocable and the amount expected to be received can be determined in a reasonable manner. All amounts are expected to be received within one year of the fiscal year end.

PROPERTY AND EQUIPMENT

Property and equipment is reported at cost, estimated cost or fair value. Expenditures for property and equipment in excess of \$5,000 are capitalized at cost when purchased. Donated items are reported at their estimated fair values as of the date the gifts are received. Depreciation is reported using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years. Depreciation expense was \$51,089 and \$50,038 for the years ended June 30, 2026 and 2025, respectively.

POST-RETIREMENT BENEFIT OBLIGATION

The post-retirement benefit obligation is the estimated present value of future health and life insurance costs over the actuarially determined lives of plan participants. SGA provides Medicare supplemental and life insurance benefits to employees who had 25 years of ministry prior to 1993. Medicare supplemental coverage for retiree and spouse continues for the lifetime of each individual. The life insurance coverage is fixed at \$15,000 for employees under 70 and is reduced to \$7,500 at age 70. The spouse coverage is fixed at \$5,000 and is not to exceed 50% of the amount in force for the employee. Upon the employee's death, the spouse coverage is terminated. SGA accrues the cost of these post-retirement benefits over the term of employment.

SLAVIC GOSPEL ASSOCIATION

Notes to Financial Statements

June 30, 2026 and 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

NET ASSETS

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net asset and changes in net assets therein are reported as follows:

NET ASSETS WITHOUT DONOR RESTRICTIONS are net assets available for use in general operations and not subject to donor or certain grantor-imposed restrictions. The net investment in property and equipment is reported to clarify that this component of net assets without donor restrictions is not available for current expenditure. At June 30, 2026 and 2025, the board has designated \$1,280,357 and \$1,241,614, respectively, of net assets without donor restrictions for an operating reserve, from which funds can be drawn with board approval. Net investment in property and equipment comprises \$520,082 and \$482,046 of net assets without donor restrictions at June 30, 2026 and 2025, respectively.

NET ASSETS WITH DONOR RESTRICTIONS are net assets subject to donor- or certain grantor-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, for which the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

SUPPORT AND REVENUE

Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions of assets other than cash and services are reported at their estimated fair value. SGA reports donations of property and equipment as contributions without donor restriction unless the donor has restricted the donated asset to a specific purpose. Property and equipment donated with restrictions regarding their use and contributions of cash to acquire property are reported as contributions with donor restrictions.

All other revenues are reported when earned.

GIFTS IN KIND

Donated goods and services are reflected as contributions at their estimated fair value on the date of donation. Property and equipment donated with restrictions regarding their use are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired and placed in service, at which time a reclassification is made from net assets with donor restrictions to net assets without donor restrictions. Except for items that are to be used by the organization, donated goods, such as marketable securities and real estate, are converted to cash in as timely a manner as possible.

During the years ended June 30, 2026, SGA received donated digital production and cleaning services having an estimated value of \$49,010 and \$62,656, respectively.

During the year ended June 30, 2025, SGA received a gift of real estate having an estimated value of \$101,000.

SLAVIC GOSPEL ASSOCIATION

Notes to Financial Statements

June 30, 2026 and 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported when incurred, that is, when the purchased goods or services have been received.

The costs of program, management and fund-raising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program, management and fund-raising activities benefitting from those expenditures.

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. At SGA the methods used to allocate costs among program and support functions vary depending upon the nature of the expense category. Compensation-related expenses are allocated based on proportional estimates of paid time spent in each functional area of performance. Occupancy and depreciation costs are allocated to each functional area based on proportional estimates of facility and equipment usage. Other expenses are allocated based on the guidelines defining the nature of the program, management or fund-raising expenses and the associated estimates of time and effort.

JOINT COSTS

Joint costs are costs incurred in activities that involve a combination of fund-raising and program and/or management and general activities. SGA incurred joint costs totaling \$756,093 and \$741,638 for certain advancement projects during the years ended June 30, 2026 and 2025, respectively, and were allocated as follows:

	Years Ended June 30,			
	2026		2025	
	Percent	Amount	Percent	Amount
Program	63	\$ 475,236	63	\$ 465,656
Management and general	9	64,780	9	63,226
Fund-raising	29	216,077	29	212,756
		<u>\$ 756,093</u>		<u>\$ 741,638</u>

SLAVIC GOSPEL ASSOCIATION

Notes to Financial Statements

June 30, 2026 and 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

LIQUIDITY AND AVAILABILITY

SGA has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure as detailed below. The amounts shown below are net of financial assets required to meet donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

	June 30,	
	2026	2025
Cash and cash equivalents	\$ 1,818,402	\$ 2,368,994
Investments	1,086,209	1,066,605
Other assets	10,256	13,251
Bequest and estate receivables	132,957	523,288
Less:		
Board-designated net assets	(1,280,357)	(1,241,614)
Donor-restricted net assets:		
Purpose	(1,183,300)	(1,643,019)
	<u>\$ 584,167</u>	<u>\$ 1,087,505</u>

SGA maintains bank checking accounts and money market accounts for liquidity management.

3. INVESTMENTS

Investments consist of the following:

	June 30, 2026		
	Market Value	Carrying Value	Unrealized Losses
Fixed income mutual funds	\$ 1,076,209	\$ 1,081,067	\$ (4,858)
Limited partnership	10,000	10,000	-
	<u>\$ 1,086,209</u>	<u>\$ 1,091,067</u>	<u>\$ (4,858)</u>

	June 30, 2025		
	Market Value	Carrying Value	Unrealized Gains
Fixed income mutual funds	\$ 1,056,605	\$ 1,053,132	\$ 3,473
Limited partnership	10,000	10,000	-
	<u>\$ 1,066,605</u>	<u>\$ 1,063,132</u>	<u>\$ 3,473</u>

SLAVIC GOSPEL ASSOCIATION

Notes to Financial Statements

June 30, 2026 and 2025

3. INVESTMENTS, continued

SGA accounts for most investments at fair value (as described in Note 2, SGA accounts for the gold mining limited partnership using the cost basis), which is defined as the price that would be received for an asset or paid to transfer a liability (an 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.

Financial accounting standards have established a hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Under the standards, three levels of inputs that may be used to measure fair value:

Level 1 - In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that SGA has the ability to access.

Level 2 - Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Level 3 inputs are unobservable inputs including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SGA's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Investments are held and managed by Morgan Stanley and include allocations to money funds, mutual funds and exchange traded products. Management has concluded the value of all holdings in the portfolio are determined using Level 1 measurement inputs.

SLAVIC GOSPEL ASSOCIATION

Notes to Financial Statements

June 30, 2026 and 2025

3. INVESTMENTS, continued

Holdings by valuation level are as follows:

June 30, 2026				
	Level 1	Level 2	Level 3	Total
Morgan Stanley	\$ 1,076,209	\$ -	\$ -	\$ 1,076,209
Ordrich Gold Reserves Limited Partnership	-	-	10,000	10,000
	<u>\$ 1,076,209</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 1,086,209</u>
June 30, 2025				
	Level 1	Level 2	Level 3	Total
Morgan Stanley	\$ 1,056,605	\$ -	\$ -	\$ 1,056,605
Ordrich Gold Reserves Limited Partnership	-	-	10,000	10,000
	<u>\$ 1,056,605</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 1,066,605</u>

Investment income consists of the following:

	Years Ended June 30,	
	2026	2025
Dividends and interest	\$ 69,421	\$ 91,447
Realized (losses) gains	(1,387)	3,282
Unrealized (losses) gains	(8,332)	1,648
	<u>\$ 59,702</u>	<u>\$ 96,377</u>

Realized gains for the year ended June 30, 2025 includes the gain from the sale of donated real estate.

SLAVIC GOSPEL ASSOCIATION

Notes to Financial Statements

June 30, 2026 and 2025

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30,	
	2026	2025
Land	\$ 358,299	\$ 278,324
Buildings and improvements	1,253,583	1,253,583
Furniture and equipment - Note 5	484,263	498,920
Vehicles - Note 5	36,147	36,147
Accumulated depreciation	(1,612,210)	(1,584,928)
	<u>\$ 520,082</u>	<u>\$ 482,046</u>

5. LINE OF CREDIT

SGA has an on-demand \$250,000 bank line of credit which matures in September 2026 and is secured by all financial assets and personal property. Amounts borrowed under this agreement bear interest at the *Wall Street Journal* prime rate plus 1.5 percent (effective rate of 8.25 percent per annum at June 30, 2026). This line was not utilized during the years ended June 30, 2026 and 2025.

6. POST-RETIREMENT BENEFIT OBLIGATION

The current and future benefits of the post-retirement benefit obligation are funded by the unrestricted, undesignated net assets of SGA. Components of the accrued post-retirement benefit obligation are as follows:

	June 30,	
	2026	2025
Accumulated post-retirement benefit obligation (APBO):		
Retirees	\$ 205,301	\$ 199,833
Plan assets	-	-
APBO in excess of plan assets	205,301	199,833
Unrecognized net gain from past experience different from that accrued and from changes in assumptions	-	-
Accrued post-retirement benefit obligation	<u>\$ 205,301</u>	<u>\$ 199,833</u>

SLAVIC GOSPEL ASSOCIATION

Notes to Financial Statements

June 30, 2026 and 2025

6. POST-RETIREMENT BENEFIT OBLIGATION, continued

Benefits expected to be paid in the next ten years are as follows:

<u>Years Ending June 30,</u>	
2027	\$ 34,345
2028	30,185
2029	26,486
2030	23,295
2031	20,496
Aggregate for next five fiscal years	<u>146,999</u>
	<u><u>\$ 281,806</u></u>

Annual net periodic post-retirement benefit activity is as follows:

	<u>Years Ended June 30,</u>	
	<u>2026</u>	<u>2025</u>
Employer contributions	<u>\$ 24,961</u>	<u>\$ 24,961</u>
Benefits paid	<u>\$ 27,276</u>	<u>\$ 24,961</u>
Interest cost on APBO	\$ 8,171	\$ 8,936
Other	<u>-</u>	<u>-</u>
Net periodic post-retirement benefit cost	<u>\$ 8,171</u>	<u>\$ 8,936</u>

Weighted-average assumption and method disclosures are as follows:

	<u>June 30,</u>	
	<u>2026</u>	<u>2025</u>
Discount rate	4.56%	4.47%
Average life expectancy of participants (years)	5.35	5.00

SLAVIC GOSPEL ASSOCIATION

Notes to Financial Statements

June 30, 2026 and 2025

6. POST-RETIREMENT BENEFIT OBLIGATION, continued

For both years ended June 30, 2026 and 2025, SGA assumed a health care trend rate of 8.0 percent for calculating the postretirement benefit obligation. Future assumed health care trend rates are as follows:

Year Ending June 30,	Percent
2027	8.00
2028	7.50
2029	7.00
2030	6.50
2031	6.00
2032	5.50
2033	5.00
2034	4.75
Subsequent years	4.50

7. NET ASSETS WITH DONOR RESTRICTIONS

Changes in and year-end balances of net assets with donor restrictions are as follows:

	June 30, 2024	Contributions	Released From Restriction	June 30, 2025
Subject to the passage of time				
Funds held in trust by others	\$ 38,970	\$ 528,240	\$ (43,922)	\$ 523,288
Subject to expenditure for specified purpose				
Bibles and literature	169,558	36,940	(73,552)	132,946
Church planter program	50,654	2,135,058	(2,035,907)	149,805
Missionary support	257,969	264,935	(268,856)	254,048
Outreach programs	1,009,829	4,339,964	(4,308,401)	1,041,392
Training programs	94,568	1,285,311	(1,315,051)	64,828
	<u>1,582,578</u>	<u>8,062,208</u>	<u>(8,001,767)</u>	<u>1,643,019</u>
	<u>\$ 1,621,548</u>	<u>\$ 8,590,448</u>	<u>\$ (8,045,689)</u>	<u>\$ 2,166,307</u>

SLAVIC GOSPEL ASSOCIATION

Notes to Financial Statements

June 30, 2026 and 2025

7. NET ASSETS WITH DONOR RESTRICTIONS, continued

	June 30, 2025	Contributions	Released From Restriction	June 30, 2026
Subject to the passage of time				
Funds held in trust by others	\$ 523,288	\$ 40,540	\$ (430,871)	\$ 132,957
Subject to expenditure for specified purpose				
Bibles and literature	132,946	41,439	(84,926)	89,459
Church planter program	149,805	2,164,333	(2,178,340)	135,798
Missionary support	254,048	249,701	(276,536)	227,213
Outreach programs	1,041,392	4,642,213	(4,956,115)	727,490
Training programs	64,828	1,198,426	(1,259,914)	3,340
	<u>1,643,019</u>	<u>8,296,112</u>	<u>(8,755,831)</u>	<u>1,183,300</u>
	<u>\$ 2,166,307</u>	<u>\$ 8,336,652</u>	<u>\$ (9,186,702)</u>	<u>\$ 1,316,257</u>

8. RETIREMENT PLAN

SGA provides a 403(b) retirement plan that covers all full-time employees. Employees are immediately fully vested. Effective July 2015, for employees with three or more years of service, SGA matches 50 percent of employee contributions up to 6 percent of the annual base salary, for a maximum employer match of 3 percent. Employer contributions to the plan for the years ended June 30, 2026 and 2025 totaled \$78,147 and \$72,804, respectively.

9. TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

During both years ended June 30, 2026 and 2025, SGA transferred \$1,080 to Slavic Gospel Association, Canada for missionary and ministry activities.

During the years ended June 30, 2026 and 2025, amounts received and reported as revenue from SGA affiliates totaled \$574,188 and \$544,097, respectively.

There was no accounts receivable from SGA affiliates at both June 30, 2026 and 2025.

10. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through September 3, 2026, the date these financial statements were available to be issued. No such significant events or transactions were identified.