

**AGLOW INTERNATIONAL**

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

**AND**

**FINANCIAL STATEMENTS**

**YEARS ENDED MARCH 31, 2025 AND 2024**

**AGLOW INTERNATIONAL**  
Years Ended March 31, 2025 and 2024

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Board of Directors of  
Aglow International

We have reviewed the accompanying financial statements of Aglow International (a nonprofit organization), which comprise the statements of financial position as of March 31, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***Management's Responsibility 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; this includes 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.

***Accountants' Responsibility***

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Aglow International and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

***Accountants' Conclusion***

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

***Substantial Doubt About the Entity's Ability to Continue as a Going Concern***

The accompanying financial statements have been prepared assuming that Aglow International will continue as a going concern. As discussed in Note 12, the Organization has suffered recurring losses from operations, has experienced significant cash flow shortages in recent years, and does not have access to additional capital to cover potential future cash flow shortages. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

*Finney, Neill & Company, P.S.*

Seattle, Washington  
July 30, 2025

**AGLOW INTERNATIONAL**  
**Statements of Financial Position**  
**March 31, 2025 and 2024**

	2025	2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 181,879	57,087
Short term investments	-	225,695
Employee Retention Credits receivable	159,718	159,718
Inventories, net	30,182	35,337
Regional funds held for affiliates	21,745	8,751
Prepaid expenses and other current assets	411	941
Total current assets	<u>393,935</u>	<u>487,529</u>
Property and equipment:		
Furniture and equipment	199,052	199,052
Less accumulated depreciation and amortization	<u>(195,718)</u>	<u>(190,183)</u>
Property and equipment, net	<u>3,334</u>	<u>8,869</u>
Other assets:		
Right-of-use lease asset	144,885	292,447
Other assets	<u>25,317</u>	<u>25,317</u>
Total other assets	<u>170,202</u>	<u>317,764</u>
Total assets	<u><u>\$ 567,471</u></u>	<u><u>814,162</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 33,124	98,118
Accrued expenses	86,659	91,797
Lease liability, current portion	128,228	175,864
Regional funds held for affiliates	<u>21,745</u>	<u>37,656</u>
Total current liabilities	<u>269,756</u>	<u>403,435</u>
Lease liability, net of current portion	16,398	116,353
Line of Credit	<u>-</u>	<u>100,000</u>
Total liabilities	<u>286,154</u>	<u>619,788</u>
Net assets:		
Without donor restrictions	257,374	172,219
With donor restrictions	<u>23,943</u>	<u>22,155</u>
Total net assets	<u>281,317</u>	<u>194,374</u>
Total liabilities and net assets	<u><u>\$ 567,471</u></u>	<u><u>814,162</u></u>

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

**AGLOW INTERNATIONAL**

## Statement of Activities

Year ended March 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions and tithes	\$ 1,663,466	48,038	1,711,504
Conference registration	214,725	-	214,725
Sales revenues, net of cost of goods sold	45,943	-	45,943
Investment income (loss)	5,054	-	5,054
Other income	43,606	-	43,606
Net assets released from restrictions	46,250	(46,250)	-
Total support and revenue	2,019,044	1,788	2,020,832
Expenses:			
Program services:			
International fellowships	74,894	-	74,894
United States fellowships	318,137	-	318,137
Ministry focus areas	185,072	-	185,072
Conferences	261,560	-	261,560
Creative services	245,258	-	245,258
Total program services	1,084,921	-	1,084,921
Supporting services:			
Management and general	754,422	-	754,422
Fund raising	94,546	-	94,546
Total supporting services	848,968	-	848,968
Total expenses	1,933,889	-	1,933,889
Change in net assets	85,155	1,788	86,943
Net assets at beginning of year	172,219	22,155	194,374
Net assets at end of year	\$ 257,374	23,943	281,317

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

**AGLOW INTERNATIONAL**

## Statement of Activities

Year ended March 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions and tithes	\$ 1,557,845	36,870	1,594,715
Conference registration	315,204	-	315,204
Sales revenues, net of cost of goods sold	39,981	-	39,981
Investment income (loss)	7,135	-	7,135
Other income	74,765	-	74,765
Net assets released from restrictions	43,788	(43,788)	-
Total support and revenue	<u>2,038,718</u>	<u>(6,918)</u>	<u>2,031,800</u>
Expenses:			
Program services:			
International fellowships	92,188	-	92,188
United States fellowships	490,106	-	490,106
Ministry focus areas	283,095	-	283,095
Conferences	449,747	-	449,747
Creative services	286,877	-	286,877
Total program services	<u>1,602,013</u>	<u>-</u>	<u>1,602,013</u>
Supporting services:			
Management and general	732,384	-	732,384
Fund raising	62,547	-	62,547
Total supporting services	<u>794,931</u>	<u>-</u>	<u>794,931</u>
Total expenses	<u>2,396,944</u>	<u>-</u>	<u>2,396,944</u>
Change in net assets	(358,226)	(6,918)	(365,144)
Net assets at beginning of year	<u>530,445</u>	<u>29,073</u>	<u>559,518</u>
Net assets at end of year	<u>\$ 172,219</u>	<u>22,155</u>	<u>194,374</u>

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

**AGLOW INTERNATIONAL**  
Statement of Functional Expenses  
Year ended March 31, 2025

		Program Services				Supporting Services			
International Fellowships	U. S. Fellowships	Ministry Focus Areas	Conferences	Creative Services	Total	Management & General	Fund Raising	Total	Total Expenses
\$ 55,251	141,404	125,086	63,382	208,813	593,936	483,037	78,890	561,927	1,155,863
Occupancy	11,365	22,729	-	22,729	79,552	79,552	11,365	90,917	170,469
Operational:									
Travel and transportation	516	14,965	92	-	79,340	-	-	-	79,340
Office supplies and communications	717	4,560	-	1,529	17,654	5,545	4,291	9,836	27,490
Insurance	-	14,860	14,860	-	29,720	67,288	-	67,288	97,008
Contracted services	-	1,390	-	12,187	13,577	62,929	-	62,929	76,506
State and property taxes	-	-	-	-	-	1,409	-	1,409	1,409
Interest	-	-	-	-	-	7,954	-	7,954	7,954
Promotion and marketing	-	-	100	-	100	-	-	-	100
Professional services	-	-	1,644	-	1,644	4,538	-	4,538	6,182
Miscellaneous	160	11,543	-	-	15,904	41,964	-	41,964	57,868
Total operational	1,393	101,018	16,696	13,716	157,939	191,627	4,291	195,918	353,857
Ministry:									
Conference costs	-	-	181,482	-	181,482	-	-	-	181,482
Translation	2,225	240	-	-	2,465	-	-	-	2,465
Stipends & honorariums	-	52,986	-	-	64,887	206	-	206	65,093
Working funds	4,660	-	-	-	4,660	-	-	-	4,660
Total ministry	6,885	52,986	181,482	-	253,494	206	-	206	253,700
Total expenses	74,894	318,137	185,072	245,258	1,084,921	754,422	94,546	848,968	1,933,889
Cost of goods sold	-	-	-	-	23,282	-	-	-	23,282
Total functional expenses	\$ 74,894	318,137	208,354	245,258	1,108,203	754,422	94,546	848,968	1,957,171

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

**AGLOW INTERNATIONAL**  
Statement of Functional Expenses  
Year ended March 31, 2024

		Program Services					Supporting Services			
	International Fellowships	U. S. Fellowships	Ministry Focus Areas	Conferences	Creative Services	Total	Management & General	Fund Raising	Total	Total Expenses
Salaries and related benefits	\$ 61,994	199,930	195,016	108,215	224,985	790,140	510,223	34,868	545,091	1,335,231
Occupancy	13,502	40,507	27,005	20,253	40,507	141,774	94,551	6,751	101,302	243,076
Operational:										
Travel and transportation	2,752	120,828	20,702	217	-	144,499	-	-	-	144,499
Office supplies and communications	907	13,237	5,259	1,191	2,455	23,049	7,832	15,347	23,179	46,228
Insurance	-	21,968	-	21,968	-	43,936	26,929	-	26,929	70,865
Contracted services	-	-	4,369	-	18,930	23,299	41,809	-	41,809	65,108
State and property taxes	-	-	-	-	-	-	1,556	-	1,556	1,556
Interest	-	-	-	-	-	-	3,335	-	3,335	3,335
Promotion and marketing	-	-	-	1,855	-	1,855	-	5,434	5,434	7,289
Professional services	-	-	-	536	-	536	15,880	-	15,880	16,416
Miscellaneous	480	14,471	6,320	175	-	21,446	27,720	137	27,857	49,303
Total operational	4,139	170,504	36,650	25,942	21,385	258,620	125,061	20,918	145,979	404,599
Ministry:										
Conference costs	-	-	-	295,337	-	295,337	-	-	-	295,337
Translation	5,040	-	-	-	-	5,040	-	-	-	5,040
Stipends & honorariums	-	78,555	22,757	-	-	101,312	2,549	10	2,559	103,871
Working funds	7,513	610	1,667	-	-	9,790	-	-	-	9,790
Total ministry	12,553	79,165	24,424	295,337	-	411,479	2,549	10	2,559	414,038
Total expenses	92,188	490,106	283,095	449,747	286,877	1,602,013	732,384	62,547	794,931	2,396,944
Cost of goods sold	-	-	-	-	35,824	35,824	-	-	-	35,824
Total functional expenses	\$ 92,188	490,106	283,095	449,747	322,701	1,637,837	732,384	62,547	794,931	2,432,768

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

**AGLOW INTERNATIONAL**  
**Statements of Cash Flows**  
**Years ended March 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 86,943	(365,144)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation and amortization	5,506	8,652
(Increase) decrease in assets:		
Inventories	5,155	10,663
Prepaid expenses and other current assets	530	7,693
Increase (decrease) in liabilities:		
Accounts payable	(64,994)	81,784
Accrued expenses and other liabilities	<u>(21,049)</u>	<u>239</u>
Total adjustments	<u>(74,852)</u>	<u>109,031</u>
Net cash provided (used) by operating activities	<u>12,091</u>	<u>(256,113)</u>
Cash flows from investing activities:		
(Purchases) sales of investments	225,695	(7,095)
Purchases of property and equipment	<u>-</u>	<u>(2,621)</u>
Net cash provided (used) by investing activities	<u>225,695</u>	<u>(9,716)</u>
Cash flows from financing activities:		
Proceeds from borrowings on line of credit	-	100,000
Repayments on line of credit	<u>(100,000)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(100,000)</u>	<u>100,000</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	137,786	(165,829)
Cash, cash equivalents, and restricted cash at beginning of year	<u>65,838</u>	<u>231,667</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 203,624</u>	<u>65,838</u>
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 181,879	57,087
Regional funds held for affiliates	<u>21,745</u>	<u>8,751</u>
Total cash, cash equivalents, and restricted cash on statements of cash flows	<u>\$ 203,624</u>	<u>65,838</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 7,954</u>	<u>3,335</u>

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

**AGLOW INTERNATIONAL**  
Notes to Financial Statements  
Years ended March 31, 2025 and 2024

1. MINISTRY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Aglow International (the Organization) is a Washington nonprofit corporation and the worldwide headquarters for approximately 3,746 groups (approximately 818 U.S. groups, and 2,928 international groups in 138 nations). The local groups are not controlled by the Organization. Instead, they are directed and overseen by 139 national leadership teams and appointed leaders. The Organization provides leadership and discipleship training through various means, publishes books, manuals, pamphlets, and other literature, offers national and international missionary travel opportunities, provides livestreaming of events and video/MP3s for shared vision and training, and provides other support services to national, regional, area and local leadership teams, groups, within and outside of Aglow, all for the furtherance of Christian fellowship, prayer, evangelism, and good works.

The vision of the Organization is to carry the truth of the Kingdom that restores people to a radiant place of relationship with God and one another, breaks the tyranny of oppression, and brings freedom and empowerment.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic No. 958, *Not-for-profit Entities*. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset classes according to donor-imposed restrictions. Accordingly, the net assets of the Organization have been reported as follows:

- *Net assets without donor restrictions* are those currently available at the discretion of the board for use in the activities of the organization.
- *Net assets with donor restrictions* are those stipulated by donors for certain purposes or in future periods. Other donor restrictions may be perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Net assets with donor restrictions are created only by donor-imposed restrictions on the use of funds. All other net assets, including board-designated or appropriated amounts, are reported as part of net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash balances consist of regional funds held for others, which represent cash and cash equivalents held for Aglow worldwide affiliates.

*These notes are an integral part of the financial statements.*

**AGLOW INTERNATIONAL**  
Notes to Financial Statements, continued  
Years ended March 31, 2025 and 2024

1. MINISTRY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Inventories

Inventories consist of publications held for resale and merchandise. Inventories are stated at the lower of cost or net realizable value, with cost determined by the first-in, first-out method.

Investments

Investments consist of certificates of deposit, valued at original cost plus accrued interest at year end. Certificates of deposit held for investment that are not debt securities are reported as “short-term investments” if they have a remaining maturity of less than one year. Certificates of deposit with remaining maturities greater than one year are classified as “long-term investments.” Interest and dividends earned are reported in other income.

Property and Equipment and Depreciation

Property and equipment are recorded at cost or, in the case of donated property, at its estimated fair market value at date of receipt. The Organization generally follows the practice of capitalizing expenditures for property and equipment in excess of \$1,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to ten years. Depreciation expense for the years ended March 31, 2025 and 2024 was \$5,535 and \$8,613, respectively.

Donated Assets and Services

Donations of property and equipment are recorded at their estimated fair market values at the date of receipt. The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected in the financial statements for donated services because no objective basis is available to measure the value of such services.

Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or, a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Membership dues are considered contributions to the Organization and recorded when received. Revenues from conference and event registrations are recognized when the conference or event takes place, and registration fees paid in advance of the event date are recorded as deferred revenues in the statement of financial position.

Revenues from sales of promotional merchandise and program-related materials are recognized at the point of sale and are reported in other income on the statement of activities, net of the cost of goods sold. The Organization recorded \$69,225 and \$75,805 of gross sales revenue, and \$23,282 and \$35,824 in costs of goods sold, for the years ended March 31, 2025 and 2024.

**AGLOW INTERNATIONAL**  
Notes to Financial Statements, continued  
Years ended March 31, 2025 and 2024

1. MINISTRY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Restricted Support

The Organization has adopted the FASB Accounting Standards Codification Topic No. 958, *Not-for-profit Entities*. In accordance with this Topic, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Gifts for ministry which are received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. At March 31, 2025 and 2024, net assets with donor restrictions consisted of cash and cash equivalents and investments and are available for use in subsequent years' program services.

Employee Retention Credit

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and the American Rescue Plan Act enacted by Congress, an Employee Retention Credit (ERC) was established, which is a refundable tax credit against the employer's share of social security taxes. The ERC is equal to 50% of qualified wages paid to employees during a quarter, for a maximum credit per employee of \$10,000 for each calendar quarter between March 12, 2020 and December 31, 2020, and is equal to 70% of qualified wages paid to employees during calendar year 2021 for a maximum credit per employee of \$7,000 for each calendar quarter through September 30, 2021.

During the year ended March 31, 2022, the Organization claimed ERCs of \$507,438 and identified the entire amount as a conditional contribution in accordance with FASB Accounting Standards Codification Topic No. 958-605. The Organization determined that the underlying conditions of the contribution were met in FY2022 and recognized \$507,438 as other income in the statement of activities. As of March 31, 2025 and 2024, \$159,718 and \$159,718 in employee retention credits was outstanding and receivable and was recorded in Employee Retention Credit receivables in the statements of financial position. These funds are subject to examination by the Internal Revenue Service for between 3 and 6 years from the payroll credit filing dates.

Functional Allocation of Expenses

The costs of providing the various program services and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received. Salaries and related expenses and certain other overhead expenses are allocated based upon a study of time and effort.

**AGLOW INTERNATIONAL**  
Notes to Financial Statements, continued  
Years ended March 31, 2025 and 2024

1. MINISTRY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Leases

The Organization leases office space and office equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) lease assets, other current liabilities, and lease liabilities on the Organization's statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to apply the short-term lease exemption to all classes of underlying assets. During the year ended March 31, 2025, there were no short-term leases in effect.

Reclassifications

Certain amounts in the financial statements may have been reclassified to conform to the current financial statement presentation. These reclassifications did not affect the change in net assets for the years ended March 31, 2025 and 2024.

Accounting 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.

Income Tax Status

Pursuant to a letter of determination from the Internal Revenue Service (IRS), the Organization is a not-for-profit ministry exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation under section 509(a)(1) of the Internal Revenue Code (IRC). Accordingly, the Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) of the Internal Revenue Code.

The Organization accounts for tax positions in accordance with the FASB Accounting Standards Codification Topic No. 740, *Income Taxes*. With few exceptions, the Organization is subject to U.S. federal and state income tax examinations by tax authorities for the prior three years. Management has reviewed the Organization's tax positions and determined there were no uncertain tax positions as of March 31, 2025 and 2024.

**AGLOW INTERNATIONAL**  
Notes to Financial Statements, continued  
Years ended March 31, 2025 and 2024

1. MINISTRY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncement

On April 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 replaces the incurred loss methodology with an expected loss methodology by introducing the Current Expected Credit Loss (CECL) model, which requires entities to measure credit losses based on historical experience, current conditions, and reasonable and supportable forecasts. The Organization adopted ASC 326 prospectively, resulting in no cumulative adjustment to beginning net assets. Management determined that there were no changes required to be made to the Organization's financial statements as a result of adopting this standard.

Date of Management's Review

Subsequent events have been evaluated through July 30, 2025, which is the date the financial statements were available to be issued.

2. CONCENTRATIONS

The Organization places cash and cash equivalents with financial institutions. Accounts at each institution are insured up to \$250,000. The Organization has not experienced any losses and believes it is not exposed to any significant credit risk on cash and cash equivalents.

3. LIQUIDITY

The following represents the availability of Aglow International's financial assets at March 31:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 181,879	57,087
Investments	-	225,695
Employee Retention Credits Receivable	159,718	159,718
Other assets	25,317	25,317
Regional funds held for others	<u>21,745</u>	<u>8,751</u>
Total	388,659	476,568
Less amounts not available for general expenditures within one year:		
Liquid net assets held for others	(21,745)	(8,751)
Liquid net assets with donor restrictions	(23,943)	(22,155)
Investments and other assets with liquidity horizons greater than one year	<u>(25,317)</u>	<u>(25,317)</u>
Financial assets available for general expenditures within one year	<u>\$ 317,654</u>	<u>420,345</u>

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. To help manage unanticipated liquidity needs, the Organization has ~\$180,000 in cash and cash equivalents on hand at year-end that can be used to fund operational needs.

*These notes are an integral part of the financial statements.*

**AGLOW INTERNATIONAL**  
Notes to Financial Statements, continued  
Years ended March 31, 2025 and 2024

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification 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 this topic are described below:

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

Level 2: Inputs to the valuation methodology include:

- a. Quoted prices for similar assets or liabilities in active markets,
- b. Quoted prices for identical or similar assets or liabilities in inactive markets,
- c. Inputs other than quoted prices that are observable for the asset or liability,
- d. 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.

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

The asset's 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.

The following is a description of the valuation methodologies used for assets measured at fair value:

Certificates of Deposit: Generally valued at original cost plus accrued interest. This method approximates fair value and is categorized as Level 2 in the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Aglow International 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.

All investments are classified under Level 2 measurements within the fair value hierarchy. There have been no changes to the valuation methodology during the years ended March 31, 2025 and 2024.

Investments as of March 31, 2025 and 2024 were comprised of:

	2025	2024
Certificates of deposit - short-term	\$ -	225,695
Certificates of deposit - long-term	-	-
	<u>\$ -</u>	<u>225,695</u>

*These notes are an integral part of the financial statements.*

**AGLOW INTERNATIONAL**  
Notes to Financial Statements, continued  
Years ended March 31, 2025 and 2024

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued

The following schedule summarizes the investment return and its classification in the statement of activities for the fiscal years ended March 31, 2025 and 2024:

	2025	2024
Net realized gain (loss)	\$ -	-
Interest and dividends income - investments	5,054	7,135
	<u>\$ 5,054</u>	<u>7,135</u>

5. OPERATING LEASES

In 2024, the Organization entered into a 22-month lease for office space which began March 1, 2024 and expires December 31, 2025. Under the terms of this lease, rent payments of \$12,823 are due monthly.

The Organization has entered into various equipment lease arrangements for copiers, printers, and other office equipment. These arrangements have expiration dates in 2026 through 2030, and call for monthly or quarterly payments ranging from \$180 to \$446. None of these lease arrangements include an option to purchase the equipment, and all equipment leases are classified as operating leases.

The components of lease expense were as follows for the years ended March 31:

	2025	2024
Operating lease cost	\$ 165,030	234,707
Short-term lease expenses	-	1,217
Total lease expenses	<u>\$ 165,030</u>	<u>235,924</u>

Other information related to operating leases was as follows for the years ended March 31:

	2025	2024
Risk free discount rate used (weighted average)	4.39%	4.44%
Remaining lease term in months (weighted average)	17	23
ROU asset - operating leases	\$ 144,885	292,447
Supplemental Cash Flow Information:		
Operating cash used by operating leases	\$ 165,597	233,839

*These notes are an integral part of the financial statements.*

**AGLOW INTERNATIONAL**  
Notes to Financial Statements, continued  
Years ended March 31, 2025 and 2024

5. OPERATING LEASES, continued

Future minimum lease payments for the years ending March 31 are as follows:

2026	\$ 127,995
2027	7,514
2028	7,514
2029	3,499
2030	1,802
Thereafter	<u>-</u>
Total future minimum lease payments	148,324
Less: imputed interest	<u>(3,698)</u>
Total	<u>\$ 144,626</u>

6. LINE OF CREDIT

The Organization entered into a \$100,000 line of credit agreement with a bank secured by a certificate of deposit. The line of credit and related certificate of deposit were closed in February 2025 and was not renewed. Interest was payable monthly at an interest rate of 5.93% per year. As of March 31, 2025 and 2024, there was \$0 and \$100,000 outstanding on the line of credit, respectively. Interest expense on the line of credit for the years ended March 31, 2025 and 2024 was \$7,954 and \$3,335, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at March 31:

	<u>2025</u>	<u>2024</u>
Donor-restricted net assets for specified purpose:		
Country-specific outreach and education	\$ 23,893	21,955
Other Aglow initiatives	<u>50</u>	<u>200</u>
	<u>\$ 23,943</u>	<u>22,155</u>

8. RELATED PARTY ACTIVITY

The Organization receives substantially all of its contributions and conference fees from affiliated individuals and fellowships. Furthermore, a substantial portion of its publications are purchased by affiliated individuals and fellowships. During the years ended March 31, 2025 and 2024, two Aglow International employees donated \$50,150 and \$78,000, respectively, to the Organization to be used for general operations.

During the year ended March 31, 2025, two employees of Aglow International provided short-term, interest-free loans to the Organization to help fund cash flow shortfalls totaling \$43,000, which were each either repaid in full within 90 days of the original loan dates. There were no loans outstanding and payable to employees at March 31, 2025.

*These notes are an integral part of the financial statements.*

**AGLOW INTERNATIONAL**  
Notes to Financial Statements, continued  
Years ended March 31, 2025 and 2024

9. REGIONAL FUNDS HELD FOR AFFILIATES

The Organization currently holds funds for certain affiliates located in European, South American, and African nations who operate under the Aglow name. The Organization has no ownership in these monies and dispenses the funds held at the request of the respective affiliates' management. As of March 31, 2025, the Organization reported cash held on behalf of these entities of \$21,745 as an asset and as a corresponding liability. As of March 31, 2024, the Organization reported cash held on behalf of these entities of \$8,751 as an asset and \$37,656 as a corresponding liability.

During the year ended March 31, 2024, the Organization used ~\$29,000 in regional funds held for affiliates to help cover cash flow shortfalls at Aglow International. Those funds were repaid in full to the affiliates' cash accounts during the year ended March 31, 2025.

10. 403(b) RETIREMENT PLAN

The Organization sponsors a 403(b) retirement plan. The Organization contributed \$9,223 and \$9,759 to the plan during the years ended March 31, 2025 and 2024, respectively.

11. COMMITMENTS AND CONTINGENCIES

As part of its ongoing ministry, the Organization organizes conferences on an annual basis. The Organization periodically executes contracts and commitments with hotels, convention facilities and event-coordination organizations for events scheduled to be held in subsequent years. The Organization cannot reasonably estimate the loss which it may experience if attendance at these events fails to reach projections.

12. GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes the Organization will be able to realize its assets and settle its liabilities in the course of business for the foreseeable future. The following conditions have given rise to a substantial doubt about the Organization's ability to continue as a going concern:

During the COVID-19 pandemic, the Organization had to cancel its conference in fiscal year 2021 and has held smaller, national conferences during the years ended March 31, 2022 through March 31, 2025. Additionally, several of its regional and local groups have experienced declines in size and tithing income, and revenues have been trending down. A major long-time donor to the Organization reduced their giving levels over time from \$420,000 per year in 2020 to just \$15,000 during the year ended March 31, 2025. During the years ended March 31, 2023 and March 31, 2024, the Organization reported net operating losses of \$352,612 and \$365,142. During the year ended March 31, 2025, the Organization reported a net operating gain of \$86,942, but it continued to face cash flow shortages at times throughout the year. At March 31, 2025, the Organization has cash reserves equal to less than one month of operating expenses and does not have access to additional capital funds to cover potential future cash flow shortfalls.

**AGLOW INTERNATIONAL**  
Notes to Financial Statements, continued  
Years ended March 31, 2025 and 2024

12. GOING CONCERN, continued

In response to these issues, management has developed the following plans:

*Further reducing expenses* - The Organization downsized their office space and reduced monthly payments from \$18,900 per month to \$12,823 beginning March 1, 2024 under a lease ending December 31, 2025. The Organization is currently in negotiations to either renew the office lease for 2026 or find a more affordable location. Beginning February 2024, management implemented a three-month voluntary one day per week unpaid furlough for employees, and approximately 50% of employees elected to accept the 20% reduction in hours and pay beginning February 2024. In February 2025, management implemented a 3-month NON-voluntary one day per week unpaid furlough for employees. In addition, during the year ended March 31, 2025, management implemented a hiring freeze and began restructuring positions as they became vacant to be absorbed by existing staff. Due to these measures, the Organization reduced its workforce by 22% between March 31, 2024 and March 31, 2025, and as of March 31, 2025, three employees have committed to voluntarily reduce their hours to 80% after the three-month required furlough period ends.

*Increasing contributions and donor-base* - Management has been seeking additional new ongoing revenue sources from its international affiliates, as well as from its U.S. regional groups and donor base. Gideon's 300, an elevated level of giving, through the A-Company monthly giving program was initiated in June 2025. The strategy is to have 300 donors who give a minimum of \$300 per month which would increase donor revenue by \$90,000 per month. This is a program that is being marketed to both U.S. and International constituents. Quarterly video messages from the President are planned to encourage financial partnership with fresh vision and inspiration. The video released in July 2025 resulted in an immediate donation spike.

*Redesigning annual conference* - For the annual conference planned for September 2025, the Organization has moved to a virtual-only platform for the first time, in order to further significantly reduce expenses and is planning to ensure registration fees can fully cover related virtual conference expenses. In addition to the registration fees collected, offerings will be received during the virtual conference, and conference-specific products will be marketed. Affiliates throughout the world are being encouraged to gather in local groups to experience this conference together, which is expected to greatly increasing the actual attendance number. Management expects this will increase the commitment level of constituents and, as a result, increase giving levels.

*Pursuing remaining ERC credits* - The Organization also expects to receive the remaining \$159,718 in Employee Retention Credits (ERC) applied for in 2021 in August 2025, after engaging a consulting firm to assist in collections on these ERC filings.

The ability of the Organization to continue as a going concern is dependent upon the success of management's plans as described above. Specifically, it is dependent upon the Organization's receipt of the Employee Retention Credit receivable, which is still outstanding. It is also dependent upon the Organization's ability to generate a sufficient cash flow surplus, by both maintaining and increasing its reductions in expenditures and increasing donations and other support.

**AGLOW INTERNATIONAL**  
Notes to Financial Statements, continued  
Years ended March 31, 2025 and 2024

13. SUBSEQUENT EVENTS

In July 2025, the Organization received notice that the Employee Retention Credit for the first quarter of 2021 has been approved by the IRS and a payment totaling \$188,704, which includes interest, will be remitted to the Organization in August 2025.