

PULSE OUTREACH
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pulse Outreach
Minneapolis, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Pulse Outreach (a nonprofit corporation), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pulse Outreach as of June 30, 2023 and 2022, and the results of its operations 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 Consolidated Financial Statements section of our report. We are required to be independent of Pulse Outreach and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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


Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pulse Outreach's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pulse Outreach'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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 19, 2023

**PULSE OUTREACH
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,744,064	\$ 9,198,561
Pledges Receivable, Net	25,000	-
Accounts Receivable	556,758	1,036,647
Inventory	2,614	22,310
Prepaid Expenses and Other Assets	795,118	96,822
Total Current Assets	3,123,554	10,354,340
PROPERTY AND EQUIPMENT, NET		
Total Assets	9,012,700	6,498,018
	\$ 12,136,254	\$ 16,852,358
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 318,219	\$ 1,712,471
Accrued Expenses	241,411	178,868
Deferred Revenue	91,695	-
Total Liabilities	651,325	1,891,339
NET ASSETS		
Without Donor Restrictions	10,899,074	11,581,212
With Donor Restrictions	585,855	3,379,807
Total Net Assets	11,484,929	14,961,019
Total Liabilities and Net Assets	\$ 12,136,254	\$ 16,852,358

See accompanying Notes to Financial Statements.

**PULSE OUTREACH
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Support:						
Pledges and Contributions (Including In-Kind Contributions of \$9,897 and \$250, Respectively)	\$ 8,721,940	\$ 2,288,085	\$ 11,010,025	\$ 8,731,859	\$ 10,563,721	\$ 19,295,580
PPP Loan Forgiveness	-	-	-	510,897	-	510,897
Other Revenue	-	-	-	907,757	-	907,757
Honorariums	17,400	-	17,400	12,811	-	12,811
Total Support	<u>8,739,340</u>	<u>2,288,085</u>	<u>11,027,425</u>	<u>10,163,324</u>	<u>10,563,721</u>	<u>20,727,045</u>
Revenue:						
Interest Income	128,245	-	128,245	24,538	-	24,538
Ticket and Merchandise Sales (Net of Cost of Goods Sold of \$9,212 and \$45,504, Respectively)	5,689	-	5,689	71,015	-	71,015
Sponsorships	-	-	-	147,500	-	147,500
Rental Income	171,361	-	171,361	158,161	-	158,161
Miscellaneous Income	71,116	-	71,116	24,673	-	24,673
Total Revenue	<u>376,411</u>	<u>-</u>	<u>376,411</u>	<u>425,887</u>	<u>-</u>	<u>425,887</u>
Net Assets Released from Restriction	<u>5,082,037</u>	<u>(5,082,037)</u>	<u>-</u>	<u>7,432,253</u>	<u>(7,432,253)</u>	<u>-</u>
Total Support and Revenue	14,197,788	(2,793,952)	11,403,836	18,021,464	3,131,468	21,152,932
EXPENSES						
Program Services	11,765,620	-	11,765,620	11,327,773	-	11,327,773
Support Services:						
Management and General	1,221,169	-	1,221,169	887,705	-	887,705
Fundraising	1,893,137	-	1,893,137	1,382,053	-	1,382,053
Total Support Services	<u>3,114,306</u>	<u>-</u>	<u>3,114,306</u>	<u>2,269,758</u>	<u>-</u>	<u>2,269,758</u>
Total Expenses	<u>14,879,926</u>	<u>-</u>	<u>14,879,926</u>	<u>13,597,531</u>	<u>-</u>	<u>13,597,531</u>
CHANGE IN NET ASSETS	(682,138)	(2,793,952)	(3,476,090)	4,423,933	3,131,468	7,555,401
Net Assets - Beginning of Year	<u>11,581,212</u>	<u>3,379,807</u>	<u>14,961,019</u>	<u>7,157,279</u>	<u>248,339</u>	<u>7,405,618</u>
NET ASSETS - END OF YEAR	<u>\$ 10,899,074</u>	<u>\$ 585,855</u>	<u>\$ 11,484,929</u>	<u>\$ 11,581,212</u>	<u>\$ 3,379,807</u>	<u>\$ 14,961,019</u>

See accompanying Notes to Consolidated Financial Statements.

PULSE OUTREACH
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Support Services			Total
		Management and General	Fundraising	Total Support Services	
Salaries and Wages	\$ 2,597,445	\$ 514,283	\$ 696,590	\$ 1,210,873	\$ 3,808,318
Employee Benefits	335,661	69,126	119,516	188,642	524,303
Payroll Taxes	162,398	23,754	42,711	66,465	228,863
Total Personnel Costs	<u>3,095,504</u>	<u>607,163</u>	<u>858,817</u>	<u>1,465,980</u>	<u>4,561,484</u>
Advertising	1,155,366	150	67,801	67,951	1,223,317
Professional Fees/Talent - Events	1,502,536	-	93,873	93,873	1,596,409
Professional Fees - Operations	860,511	57,487	235,635	293,122	1,153,633
Supplies	61,415	32,577	10,303	42,880	104,295
Telephone/Internet/Media	17,322	4,834	3,455	8,289	25,611
Postage and Shipping	41,450	583	26,152	26,735	68,185
Occupancy	124,201	228,069	14,818	242,887	367,088
Printing and Publications	30,514	2,122	84,097	86,219	116,733
Travel and Lodging	710,413	2,405	84,865	87,270	797,683
Conferences and Meetings	39,224	1,372	7,845	9,217	48,441
Venue Costs (Rent, Catering, Etc.)	3,544,646	650	373,342	373,992	3,918,638
Insurance	1,096	102,481	-	102,481	103,577
Miscellaneous	255,732	29,739	3,745	33,484	289,216
Bank Charges and Fees	250	40,704	-	40,704	40,954
Subscriptions	172,815	19,670	13,392	33,062	205,877
Bad Debt	-	580	-	580	580
Depreciation and Amortization	152,625	90,583	14,997	105,580	258,205
Total Expenses	<u>\$ 11,765,620</u>	<u>\$ 1,221,169</u>	<u>\$ 1,893,137</u>	<u>\$ 3,114,306</u>	<u>14,879,926</u>
Cost of Goods Sold					<u>9,212</u>
Total Expenses					<u>\$ 14,889,138</u>

See accompanying Notes to Consolidated Financial Statements.

PULSE OUTREACH
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Support Services			Total
		Management and General	Fundraising	Total Support Services	
Salaries and Wages	\$ 2,418,570	\$ 335,450	\$ 581,058	\$ 916,508	\$ 3,335,078
Employee Benefits	219,222	58,066	81,481	139,547	358,769
Payroll Taxes	116,059	12,937	27,876	40,813	156,872
Total Personnel Costs	<u>2,753,851</u>	<u>406,453</u>	<u>690,415</u>	<u>1,096,868</u>	<u>3,850,719</u>
Advertising	1,044,379	-	500	500	1,044,879
Professional Fees/Talent - Events	631,701	-	64,225	64,225	695,926
Professional Fees - Operations	294,443	93,497	11,052	104,549	398,992
Supplies	40,128	10,463	2,698	13,161	53,289
Telephone/Internet/Media	1,232,786	24,335	47,333	71,668	1,304,454
Postage and Shipping	58,162	1,055	15,803	16,858	75,020
Occupancy	116,997	82,649	10,540	93,189	210,186
Printing and Publications	20,799	2,136	52,398	54,534	75,333
Travel and Lodging	672,124	5,844	93,646	99,490	771,614
Conferences and Meetings	105,044	59	-	59	105,103
Venue Costs (Rent, Catering, Etc.)	3,457,634	1,198	296,938	298,136	3,755,770
Insurance	1,016	80,075	250	80,325	81,341
Miscellaneous	549,258	62,251	60,266	122,517	671,775
Bank Charges and Fees	-	45,881	-	45,881	45,881
Subscriptions	186,393	4,572	18,888	23,460	209,853
Bad Debt	-	6,431	-	6,431	6,431
Depreciation	163,058	60,806	17,101	77,907	240,965
Total Expenses	<u>\$ 11,327,773</u>	<u>\$ 887,705</u>	<u>\$ 1,382,053</u>	<u>\$ 2,269,758</u>	<u>13,597,531</u>
Cost of Goods Sold					<u>45,504</u>
Total Expenses					<u>\$ 13,643,035</u>

See accompanying Notes to Consolidated Financial Statements.

**PULSE OUTREACH
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (3,476,090)	\$ 7,555,401
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	211,538	194,298
Amortization Expense	46,667	46,667
Noncash PPP Loan Forgiveness	6,033	(510,897)
(Increase) Decrease in Assets:		
Pledges Receivable	(25,000)	-
Accounts Receivable	479,889	(1,032,692)
Inventory	19,696	3,220
Prepaid Expense and Other Current Assets	(698,296)	249,989
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,394,252)	1,681,348
Accrued Expenses	62,543	68,066
Deferred Revenue	91,695	-
Net Cash Provided (Used) by Operating Activities	(4,675,577)	8,255,400
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,794,920)	(3,007,775)
Proceeds from Sale of Furniture and Equipment	16,000	-
Net Cash Used by Investing Activities	(2,778,920)	(3,007,775)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,454,497)	5,247,625
Cash and Cash Equivalents - Beginning of Year	9,198,561	3,950,936
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,744,064	\$ 9,198,561
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Donated Goods and Services	\$ 9,897	\$ 250

See accompanying Notes to Consolidated Financial Statements.

**PULSE OUTREACH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Pulse Outreach (the Organization) exists to bring the message of Jesus to the pulse of a generation by all means possible, through the ministry of Nick Hall and a team of emerging evangelists. The Organization relies on contributions from the public to fulfill its mission.

Launched in 2006 by Nick Hall, Pulse is a leading global evangelistic ministry living at the intersection of live events and digital efforts. Nick Hall is an Evangelist, the Founder & President of Pulse, and author of Reset. As an evangelistic voice to the next generation, Nick has shared Jesus with over 330 million people worldwide through some of the largest digital initiatives and live gatherings in history. To date, over 2 million have responded to the Gospel.

Through Pulse in-person and digital outreach events, Nick Hall and a team of emerging evangelists share the Gospel across America and around the world, while equipping believers and the Church to do the same. Through world-class training efforts, a new generation of young evangelists are being equipped and sent out to share the hope of Jesus with boldness, both in-person and online, while also empowering the Church to prioritize evangelism.

Amplify Festival, Inc., a non-profit corporation, was acquired in 2023 with the sole purpose of continuing the production of the self-titled live event in Arkansas following the retirement of that entity's board and management. There was no transfers of assets or liabilities related to the acquisition.

Basis of Consolidation

The Organization is required to consolidate within its financial statements the net assets of entities that meet certain control considerations. As a result of common control, the consolidated financial statements of the Organization includes the financial position and activities of the Organization Amplify. All significant intercompany accounts and transactions have been eliminated in consolidation. Collectively, the two entities are referred to herein as the Organization.

Basis of Presentation

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

Net Asset Classification

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

Without Donor Restricted Net Assets – Resources over which the board of directors has discretionary control.

**PULSE OUTREACH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classification (Continued)

With Donor Restricted Net Assets – Resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time or to be maintained permanently by the Organization. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

Concentrations of Credit Risk

The Organization maintains cash balances with banks insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and pledges receivable to be received in less than one year approximate fair value because of the short maturity of those financial instruments.

Inventory

Inventories consist of t-shirts and books stated at the lower of cost or net realizable value using the average cost method.

Property and Equipment

Property and Equipment are presented at cost or donated (appraised) value. The Organization generally capitalizes all assets over \$2,500. Depreciation is computed on the straight-line basis over the estimated useful lives, currently three to seven years.

Contributions of long-lived assets or contributions restricted for acquisition/construction of long-lived assets are reported as increases in with donor restricted net assets. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions for contributions when expenses are incurred and placed in service for donated buildings, furniture, or equipment. The Organization reclassifies with donor restricted net assets to without donor restricted net assets at that time.

Accounts Receivable

Accounts receivable consist primarily of amounts due for the Employee Retention Credit refundable payroll costs and other program related costs. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. When all collection efforts have been exhausted, the accounts are written off against the related allowance. No allowance was warranted as of June 30, 2023 and 2022. All amounts are expected to be collected within one year.

**PULSE OUTREACH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

The Organization receives donated goods and services during the year. The donated goods and services are valued at fair value on the date of the donation. During the years ended June 30, 2023 and 2022, the Organization received various donated items valued at \$9,897 and \$250, respectively.

Additionally, the Organization has a large and dedicated team of volunteers that perform a variety of tasks that assist the Organization with specific programs and supporting services. These services are not recognized in the consolidated financial statements since the criteria for recording the services were not met.

Ticket and Merchandise Sales

During the years ended June 30, 2023 and 2022, the Organization hosts various events for which attendees are charged for admission and merchandise purchased. The revenue earned on the events and merchandise sales is recorded in the year the event took place or the merchandise sales occurred.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs incurred were \$1,223,317 and \$1,044,879 for the years ended June 30, 2023 and 2022, respectively.

Revenue Recognition

Contribution Revenue – Contributions received are recorded as without donor restricted or with donor restricted support depending on the existence and nature of any restrictions. Contributions, including unconditional promises to give, are recorded as made. Unconditional promises to give due in subsequent years are recorded at their net realizable value. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were no conditional promises to give as of June 30, 2023 and 2022. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

PULSE OUTREACH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Sponsorships – These revenues consist of amounts typically received from businesses or other organizations that wish to sponsor certain aspects of the conference. Sponsorships have a stated transaction price and are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total sponsorships paid and the exchange element. The timing of payment for the sponsorship fees varies from sponsor to sponsor, with some paying before the conference and others paying after. The performance obligations include providing the sponsors presenting timeslots at the conference, access to promotional email lists, and registrations, which is deemed to be a material right of the sponsorship. The Organization estimates the exchange portion of the sponsorship based on the fair value of benefits received, and it is recognized as revenue at the point in time the event occurs. Contribution income is recognized for the excess on the date the customer commits to a sponsorship. For the year ended June 30, 2022, the Organization determine no portion of sponsorship revenue was nonexchange.

Ticket and Merchandise Sales – These revenues consist of ticket revenue from booths purchased and merchandise sales at the conference. Ticket revenue and merchandise sales have stated transactions price and consists of an exchange of consideration with the purchaser. This revenue is recognized at the occasion of the conference.

Rental Income – Rental income is derived from rental income from a rental property the Organization owns. Performance obligations are delivered over the course of the year per rental agreements and revenue is recognized over these terms.

There were no contract assets or liabilities as of June 30, 2023 and 2022. Contracts with customers consisted of Sponsorships in the amount of \$-0- and \$147,500 for the years ended June 30, 2023 and 2022, respectively.

Deferred Revenue

Deferred revenue represents payments received for services that are going to be provided in the future. The deferred revenue for June 30, 2023 was due to sponsorship agreements for live events occurring in the following year. There was no deferred revenue as of June 30, 2022.

Expense Allocation

Salaries and related expenses are allocated based on job descriptions and management estimates. Expenses, other than salaries and related payroll expenses, that are not directly identifiable by program or support service, are allocated based on management estimates.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

PULSE OUTREACH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. Because the Organization is a public charity, contributions to it may be deductible for income tax purposes.

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. As of June 30, 2023 and 2022, there was no income tax related accrued interest or penalties recognized in either the statements of financial position or the statements of activities.

The Organization files information returns in the U.S. federal jurisdiction, and in the Minnesota, North Dakota, Wisconsin, and Arkansas state jurisdictions. U.S. federal returns and state returns prior to fiscal year 2014 are closed. No returns are currently under examination in any tax jurisdiction.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. There was no impact on the Organization's consolidated financial position and change in net assets as a result of the adoption of this accounting standard.

Leases

The Organization determines if an arrangement is a lease at inception. Leases are reported on the statement of financial position as a right-of-use (ROU) asset and lease liability. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. 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 operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statements of financial position.

**PULSE OUTREACH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 19, 2023, the date the consolidated financial statements were available to be issued.

NOTE 2 PROPERTY AND EQUIPMENT

Property and Equipment consists of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Building	\$ 6,579,557	\$ 6,553,337
Construction in Progress	2,754,101	-
Furniture and Equipment	256,491	275,086
Software/Websites	140,000	140,000
Total	<u>9,730,149</u>	<u>6,968,423</u>
Less: Accumulated Depreciation	(624,116)	(423,738)
Less: Accumulated Amortization	(93,333)	(46,667)
Property and Equipment, Net	<u><u>\$ 9,012,700</u></u>	<u><u>\$ 6,498,018</u></u>

NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2023 and 2022, with donor restricted net assets consisted of the following:

	<u>2023</u>	<u>2022</u>
With Donor Restriction:		
Training Center Expansion	\$ 393,819	\$ 2,927,113
Ukraine Relief	-	192,843
North Dakota Event & Operations	-	30,748
Pulse 100	192,036	229,103
Total With Donor Restriction	<u><u>\$ 585,855</u></u>	<u><u>\$ 3,379,807</u></u>

**PULSE OUTREACH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes or by occurrence of other events specified by donors. For the years ended June 30, net assets with donor restricted were released as follows:

	2023	2022
FTS-OU	\$ 549,635	\$ -
Pulse ND	100	-
Amplify	20,000	-
Campus Tour	2,063	-
Trans4mation Ministries Van Fund	1,172	-
Arkansas Events	-	25,000
Together	37,965	968,697
Training Center Expansion	2,781,132	2,800,000
Training	320,000	92,070
International	-	47,026
Ukraine Relief	192,895	138,966
North Dakota Event & Operations	69,578	40,818
Digital Ministry	125,000	-
Evangelistic Campaigns	282,000	2,972,515
Pulse 100	690,299	157,219
Rapid Response	10,020	164,809
Good Friday	178	2,614
Other	-	22,519
Total With Donor Restricted	\$ 5,082,037	\$ 7,432,253

NOTE 5 BOARD AND DONOR GENEROSITY

Members of the Organization's board of directors contributed a total of \$722,449 and \$1,532,704 for the years ended June 30, 2023 and 2022, respectively. These board member contributions comprised approximately 7% of total contribution revenue for each of the years ended June 30, 2023 and 2022.

NOTE 6 CONCENTRATION

There was one donor that comprised approximately 32% of total contribution revenue and three donors that comprised approximately 57% of total contribution revenue for the years ended June 30, 2023 and 2022, respectively.

**PULSE OUTREACH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 PENSION PLAN

The Organization provides 403(b) to all eligible employees. Eligibility for this plan requires the employee to be a full-time who works at least 30 hours per week. During the years ended June 30, 2023 and 2022, the Organization contributed \$43,246 and \$32,484, respectively, to the plan on behalf of its employees.

NOTE 8 COMMITMENTS AND CONTINGENCIES

The Organization has executed long-term contracts related to professional fees and event venues. For years ended June 30, 2023 and 2022, the Organization's commitments which cannot be terminated total \$-0- and \$220,670, respectively. The amount of the Organization's commitments concerning these contracts increases as the scheduled dates of the events approach.

The Organization has an executed construction contract which they can cancel at any time but will be subject to all fees for work performed up to the point of cancellation.

The Organization is subject to certain claims arising out of the ordinary course of business. Although it is not possible to predict the outcomes of these claims, management believes they will not have a material effect on the financial condition of the Organization.

NOTE 9 LIQUIDITY

The Organization has financial assets available to meet general expenditures. In addition, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The statements of cash flows identifies the sources and uses of the Organization's cash.

The following tables show the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures.

	2023	2022
Financial Assets:		
Cash and Cash Equivalents	\$ 1,744,064	\$ 9,198,561
Pledges Receivable, Net	25,000	-
Accounts Receivable	556,758	1,036,647
Less: Assets with Donor Restrictions	(585,855)	(3,379,807)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 1,739,967	\$ 6,855,401



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