FAMILY LEGACY MISSIONS INTERNATIONAL
AND SUBSIDIARY

Consolidated Financial Statements
With Independent Auditor's Report

December 31, 2024 and 2023

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Family Legacy Missions International and Subsidiary
Dallas, Texas

Opinion
We have audited the accompanying consolidated financial statements of Family Legacy Missions International and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities 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 consolidated financial position of Family Legacy Missions International and Subsidiary as of December 31, 2024 and 2023, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Family Legacy Missions International and Subsidiary 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 these 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 Family Legacy Missions International and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Board of Directors
Family Legacy Missions International and Subsidiary
Dallas, Texas

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

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

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

- Identify and assess the risks of material misstatement of the 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 Family Legacy Missions International and Subsidiary'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 Family Legacy Missions International and Subsidiary'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.

Capin Crouse LLC

Irving, Texas
September 30, 2025

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

Consolidated Statements of Financial Position

	December 31, 2024	December 31, 2023
ASSETS:		
Cash and cash equivalents	$ 2,764,971	$ 2,912,426
Prepaid expenses and other assets	116,581	16,442
Cash held for long-term purposes	301,485	535,321
Related party receivables:		
Advances	683,672	676,968
Interest receivable	1,918,649	1,459,238
Note receivable	7,222,754	7,222,754
Allowance for credit losses	(212,799)	(212,799)
Operating lease right-of-use assets	671,168	873,185
Investment in Lifeline Enterprises	247,879	247,879
Property and equipment–net	74,192	140,584
Total Assets	$ 13,788,552	$ 13,871,998
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$ 184,645	$ 52,517
Accrued expenses	1,601,247	1,403,799
Funds payable to related party	-	3,724
Operating lease liabilities	746,259	960,637
Notes payable	7,006,087	7,222,754
Total liabilities	9,538,238	9,643,431
Net assets:		
Net assets without donor restrictions	2,211,432	2,462,229
Net assets with donor restrictions	2,038,882	1,766,338
Total net assets	4,250,314	4,228,567
Total Liabilities and Net Assets	$ 13,788,552	$ 13,871,998

See notes to consolidated financial statements

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

Consolidated Statements of Activities

	Year Ended December 31,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	$ 2,739,714	$ 14,147,279	$ 16,886,993	$ 4,443,313	$ 14,190,033	$ 18,633,346
Contributions of nonfinancial assets	982,704	-	982,704	463,459	-	463,459
Interest revenue	459,549	-	459,549	452,672	-	452,672
Loss on disposal of property and equipment	-	-	-	(163,017)	-	(163,017)
Other revenue	33,113	-	33,113	74,106	-	74,106
Total Support and Revenue	4,215,080	14,147,279	18,362,359	5,270,533	14,190,033	19,460,566
NET ASSETS RELEASED:						
Administrative assessments	1,564,127	(1,564,127)	-	1,719,200	(1,719,200)	-
Purpose restrictions	12,310,608	(12,310,608)	-	13,175,155	(13,175,155)	-
	13,874,735	(13,874,735)	-	14,894,355	(14,894,355)	-
EXPENSES:						
Program services	14,785,520	-	14,785,520	16,402,545	-	16,402,545
Supporting activities:						
Management and general	2,670,613	-	2,670,613	2,751,352	-	2,751,352
Fundraising	884,479	-	884,479	760,101	-	760,101
	3,555,092	-	3,555,092	3,511,453	-	3,511,453
Total Expenses	18,340,612	-	18,340,612	19,913,998	-	19,913,998
Change in Net Assets	(250,797)	272,544	21,747	250,890	(704,322)	(453,432)

(continued)

See notes to consolidated financial statements

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

Consolidated Statements of Activities

(continued)

	Year Ended December 31,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, Beginning of Year before change in accounting principle	2,462,229	1,766,338	4,228,567	2,424,138	2,470,660	4,894,798
Effect of Change in Accounting Principle	-	-	-	(212,799)	-	(212,799)
Net Assets, Beginning of Year after change in accounting principle	2,462,229	1,766,338	4,228,567	2,211,339	2,470,660	4,681,999
Net Assets, End of Year	$ 2,211,432	$ 2,038,882	$ 4,250,314	$ 2,462,229	$ 1,766,338	$ 4,228,567

See notes to consolidated financial statements

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended December 31, 2024	Year Ended December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 21,747	$ (453,432)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	66,392	181,204
Gifts received for long-term purposes	-	(36,575)
Loss on disposal of property and equipment	-	163,017
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(100,139)	884,023
Grant receivable	-	266,461
Related party receivables	(466,115)	(445,726)
Accounts payable	132,128	(126,766)
Accrued expenses	197,448	305,852
Operating lease assets and liabilities	(12,361)	11,572
Funds payable to others	(3,724)	-
Net Cash Provided (Used) by Operating Activities	(164,624)	749,630
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(216,667)	-
Gifts received for long-term purposes	-	36,575
Net Cash Provided (Used) by Financing Activities	(216,667)	36,575
Net Change in Cash, Cash Equivalents and Cash held for Long-term Purposes	(381,291)	786,205
Cash, Cash Equivalents and Cash held for Long-term Purposes, Beginning of Year	3,447,747	2,661,542
Cash, Cash Equivalents and Cash held for Long-term Purposes, End of Year	$ 3,066,456	$ 3,447,747
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	$ 167,684	$ 151,342

See notes to consolidated financial statements

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

1. NATURE OF ORGANIZATION:

Family Legacy Missions International (FLMI) is a Christian redemptive child development organization, fiercely committed to glorifying God by empowering vulnerable children in Zambia to live out their God-given potential. FLMI is incorporated in the state of Texas as a nonprofit organization. The organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code. Income for FLMI is primarily generated by cash contributions from individuals and other organizations.

FLMI fulfills the operations of the ministry's major programs through direct financial support of a separate nonprofit organization, Family Legacy Missions Zambia (FLMZ), located in Zambia, Africa. In 2024, FLMZ partnered with 12,000 vulnerable children living in urban Lusaka, Zambia through holistic interventions designed to improve each child's own ability to overcome vulnerability and glorify their Creator through enriched knowledge, skills, character, and well-being. FLMZ delivers a four-pillar model of care–spiritual, intellectual, physical, and emotional–through its network of local Christian schools and a short-term residential care village, complemented by other targeted interventions to create momentum for children to thrive. FLMZ is separately incorporated in Zambia and is not controlled by FLMI, therefore consolidation is not required.

Lifeline Enterprises (Lifeline) is a for-profit Zambian corporation that is owned by FLMZ and in which FLMI owns a fractional interest of 1.25%. Lifeline functions as the property holding and infrastructure management entity for FLMZ. Lifeline's primary purpose is to own, manage, and safeguard physical infrastructure and land assets used in the execution of FLMZ's programs.

In January 2020, FLMI formed a wholly-owned for-profit Texas corporation named Legacy Centre Capital, LLC (LCC). LCC was formed as part of a debt restructuring arrangement. All intercompany transactions and balances have been eliminated for consolidated financial statement purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

FLMI maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting periods. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include checking, savings, and money market accounts. These accounts may, at times, exceed federally insured limits. As of December 31, 2024 and 2023, FLMI had cash balances on deposit that exceeded federally insured limits by approximately $2,848,000 and $2,838,000, respectively, including cash held for long-term purposes.

The following table provides a reconciliation of cash, cash equivalents, and cash held for long-term purposes:

	Year Ended December 31,	
	2024	2023
Cash and cash equivalents	$ 2,764,971	$ 2,912,426
Cash held for long-term purposes	301,485	535,321
	$ 3,066,456	$ 3,447,747

CASH HELD FOR LONG-TERM PURPOSES
Contributions received that are restricted by donors for expenditures related to capital projects have been segregated from cash and cash equivalents, and shown in this category. The amounts for this purpose have also been recorded in net assets with donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RELATED PARTY RECEIVABLES
The note receivable is payable by FLMZ and is recorded at the principal amount outstanding less the related allowance for credit losses. Interest income is accrued and credited to income based on the principal amount outstanding. The note receivable is unsecured, and the interest expense that FLMI incurs on the notes payable described in Note 6 is payable by FLMZ.

Estimated allowances for credit losses are maintained at levels that, in the judgment of management, are adequate to meet the present and potential future risks of uncollectible receivable balances. Management's judgment is based on a variety of factors, which include experience related to charge-offs and recoveries, and scrutiny of the receivables. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider the following: real estate value, current financial health of FLMZ, and the current and forecasted direction of the economic and business environment.

Amounts deemed by management to be uncollectible are charged to expense. Recoveries on receivables previously charged-off are credited to expense. Provisions for credit losses are charged to expense and credited to the allowance for credit losses. Past due receivables are not placed on nonaccrual status, and payments received on past due receivables are applied to principal and interest according to contractual terms.

The note is evaluated based on four credit quality status indicators: deferred, current, performing, and nonperforming. Deferred loans do not require repayment during the deferral period. Current loans are those in repayment status and in which the borrower remains current with all contractual terms. Performing loans are those in which the borrower is not current with all contractual terms but has established a recent payment history. Nonperforming loans are those in which the borrower has defaulted on the terms and no recent payment history exists. As of December 31, 2024 and 2023, the note receivable was in deferral status.

OPERATING LEASE RIGHT-OF-USE ASSETS AND LIABILITIES
Right-of-use assets and related liabilities are recognized at commencement date based on the net present value of lease payments over the lease term discounted using a risk-free rate. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. FLMI has elected to exclude short-term leases with lease terms of 12 months or less, and those costs are expensed as incurred. The additional lease disclosures can be found in Note 8.

INVESTMENT IN LIFELINE ENTERPRISES
Investment in Lifeline Enterprises is carried at cost, less any permanent impairment, and represents FLMI's fractional interest in Lifeline Enterprises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT–NET
Property and equipment are capitalized at cost or, if donated, at fair value at the date of the gift. FLMI capitalizes purchases in excess of $5,000 with lesser amounts expensed in the year purchased. Repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3-5 years
Internally developed software	5 years

CLASSES OF NET ASSETS
The consolidated financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions are those currently available for general operations under the direction of the board, and those resources invested in property and equipment.

Net assets with donor restrictions are those contributed with donor stipulations for specific purposes or programs, those with time restrictions, or those not currently available for use in FLMI’s operations until commitments regarding their use have been fulfilled. All contributions are considered available for general use unless specifically restricted by the donor.

SUPPORT AND REVENUE
Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. FLMI reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. FLMI reports gifts of property and equipment as general support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, FLMI reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

Contributions of Nonfinancial Assets
Donations of material, equipment, and other nonfinancial assets are recorded as support at their estimated fair value as of the date of donation.

FLMI recognizes donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills. FLMI would typically need to purchase these specialized services if the services were not donated. In addition, other individuals contribute time and services to FLMI to support accomplishment of its goals, and FLMI would not be as effective without these contributions. However, it is FLMI's policy not to record contributions from these other individuals because their services do not meet the criteria of skilled services required to be recorded.

Total contributions of nonfinancial assets are as follows:

	Year Ended December 31,	
	2024	2023
Food	$ 956,387	$ 429,593
Other	26,317	33,866
	$ 982,704	$ 463,459

FLMI recognized contributions of nonfinancial assets within revenue, which primarily included donated food used in FLMI's programs to provide healthy meals for vulnerable and orphaned children in Zambia. There were no donor restrictions on contributions of nonfinancial assets. Donated food items are valued based on independent valuations provided by the food distributors, and FLMI determined the accuracy of those valuations by comparing the price per meal to a study performed by a major food distributor. The price per meal was determined to be $0.29 and $0.30 in 2024 and 2023, respectively.

EXPENSES
Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs, such as depreciation and salaries, have been allocated among the program services and supporting activities benefited. Depreciation and occupancy-related costs are allocated based on square footage. Costs of other categories were allocated based on estimates of time and effort. FLMI incurred no joint costs during the years ended December 31, 2024 and 2023.

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects FLMI's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year for various reasons.

	December 31, 2024	December 31, 2023
Financial assets:		
Cash and cash equivalents	$ 2,764,971	$ 2,912,426
Accounts receivable*	3,520	9,551
Cash held for long-term purposes	301,485	535,321
Related party receivables	9,612,276	9,146,161
Investment in Lifeline Enterprises	247,879	247,879
Financial assets, at year-end	12,930,131	12,851,338
Less those not available for general expenditure within one year:		
Cash held for long-term purposes	(301,485)	(535,321)
Investment in Lifeline Enterprises	(247,879)	(247,879)
Related party receivables, not collectible within one year	(9,612,276)	(9,146,161)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,768,491	$ 2,921,977

* Included in prepaid expenses and other assets on the consolidated statements of financial position.

As part of FLMI'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. As of December 31, 2024 and 2023, FLMI has $1,737,397 and $1,231,017, respectively, in net assets with donor restrictions for program activities in Zambia. These funds are considered available to meet needs for general expenditures within one year.

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment consists of:

	December 31, 2024	December 31, 2023
Furniture and equipment	$ 163,182	$ 163,182
Internally developed software	221,596	221,596
	384,778	384,778
Less accumulated depreciation	(310,586)	(244,194)
	$ 74,192	$ 140,584

5. RELATED PARTY RECEIVABLES:

A summary of the related party receivables is as follows:

	December 31, 2024	December 31, 2023
Advances	$ 683,672	$ 676,968
Interest receivable	1,918,649	1,459,238
Note receivable	7,222,754	7,222,754
Allowance for credit losses	(212,799)	(212,799)
	$ 9,612,276	$ 9,146,161

6. NOTES PAYABLE:

Notes payable held under FLMI are to individuals and trusts, are unsecured, and consist of the following as of December 31, 2024:

	Loan Date	Maturity Date	Original Principal	Principal Payment Frequency	Interest Rate	Payment Amount	Outstanding Principal
1	1/1/2022	1/1/2032	$ 251,637	At Maturity	6.0%	$ 11,379	$ 251,638
2	1/1/2022	1/1/2032	290,350	At Maturity	6.0%	13,011	290,350
3	4/1/2021	3/31/2027	1,500,000	At Maturity	6.0%	1,500,000	1,500,000
4	2/15/2021	2/15/2031	500,000	At Maturity	4.5%	500,000	500,000
5	2/15/2021	2/15/2031	500,000	At Maturity	4.5%	500,000	500,000
							3,041,988

Notes payable held under LCC are to individuals, donor-advised funds, and trusts, secured by the net cash flows of the Lusaka Legacy Conference Centre, and consist of the following as of December 31, 2024:

	Loan Date	Maturity Date	Original Principal	Principal Payment Frequency	Interest Rate	Payment Amount	Outstanding Principal
1	6/1/2021	6/1/2028*	$ 500,000	At Maturity	10.0%	$ 500,000	$ 500,000
2	6/1/2021	6/1/2028*	500,000	At Maturity	10.0%	500,000	500,000
3	6/1/2021	6/1/2028*	500,000	At Maturity	10.0%	500,000	500,000
4	6/1/2021	6/1/2031	50,000	At Maturity	5.0%	1,250	50,000
5	6/1/2021	6/1/2031	83,000	At Maturity	5.0%	83,000	83,000
6	6/1/2021	6/1/2031	66,000	At Maturity	5.0%	66,000	66,000
7	6/1/2021	6/1/2031	433,333	At Maturity	5.0%	43,333	433,333
8	6/1/2021	6/1/2031	976,190	At Maturity	5.0%	24,405	976,190
9	6/1/2021	6/1/2031	672,576	At Maturity	5.0%	5,605	672,576
10	6/1/2021	6/1/2031	83,000	At Maturity	5.0%	83,000	83,000
11	6/1/2021	6/1/2031	100,000	At Maturity	5.0%	2,500	100,000
							3,964,099
							$ 7,006,087

6. NOTES PAYABLE, continued:

Notes payable held under FLMI are to individuals and trusts, are unsecured, and consist of the following as of December 31, 2023:

	Loan Date	Maturity Date	Original Principal	Principal Payment Frequency	Interest Rate	Payment Amount	Outstanding Principal
1	1/1/2018	12/31/2024	$ 216,667	At Maturity	0.0%	$ 43,333	$ 216,667
2	1/1/2022	1/1/2032	251,637	At Maturity	6.0%	11,379	251,638
3	1/1/2022	1/1/2032	290,350	At Maturity	6.0%	13,011	290,350
4	4/1/2021	3/31/2027	1,500,000	At Maturity	6.0%	1,500,000	1,500,000
5	2/15/2021	2/15/2031	500,000	At Maturity	4.5%	500,000	500,000
6	2/15/2021	2/15/2031	500,000	At Maturity	4.5%	500,000	500,000
							3,258,655

Notes payable held under LCC are to individuals, donor-advised funds, and trusts, secured by the net cash flows of the Lusaka Legacy Conference Centre, and consist of the following as of December 31, 2023:

	Loan Date	Maturity Date	Original Principal	Principal Payment Frequency	Interest Rate	Payment Amount	Outstanding Principal
1	6/1/2021	6/1/2026	$ 500,000	At Maturity	10.0%	$ 500,000	$ 500,000
2	6/1/2021	6/1/2026	500,000	At Maturity	10.0%	500,000	500,000
3	6/1/2021	6/1/2026	500,000	At Maturity	10.0%	500,000	500,000
4	6/1/2021	6/1/2031	50,000	At Maturity	5.0%	1,250	50,000
5	6/1/2021	6/1/2031	83,000	At Maturity	5.0%	83,000	83,000
6	6/1/2021	6/1/2031	66,000	At Maturity	5.0%	66,000	66,000
7	6/1/2021	6/1/2031	433,333	At Maturity	5.0%	43,333	433,333
8	6/1/2021	6/1/2031	976,190	At Maturity	5.0%	24,405	976,190
9	6/1/2021	6/1/2031	672,576	At Maturity	5.0%	5,605	672,576
10	6/1/2021	6/1/2031	83,000	At Maturity	5.0%	83,000	83,000
11	6/1/2021	6/1/2031	100,000	At Maturity	5.0%	2,500	100,000
							3,964,099
							$ 7,222,754

6. NOTES PAYABLE, continued:

Future minimum payments for all note payables are:

Year Ending December 31,	
2025	$ -
2026	-
2027	1,500,000
2028	1,500,000
2029	-
Thereafter	4,006,087
	$ 7,006,087

*Subsequent to year-end, these lenders modified the terms of their agreement to extend the due date to the above referenced maturity date.

As of December 31, 2024 and 2023, $66,000 of outstanding notes payable are due to members of the board of directors. During the years ended December 31, 2024 and 2023, no debt was forgiven and no accrued interest was forgiven by note holders.

Subsequent to year-end, a note payable held under LCC for $433,333 (note payable 7 above), along with all accrued interest, was forgiven by the lender. The forgiveness will be recognized as a contribution without donor restriction in the next fiscal year.

7. LINE OF CREDIT:

FLMI has a line of credit with a financial institution in the maximum amount of $1,000,000 with an interest rate of 5.676% plus the Secured Overnight Financing Rate (4.49% at December 31, 2024), maturing in December 2025. During the year ended December 31, 2024, FLMI did not draw on this line of credit.

8. RIGHT-OF-USE ASSETS AND LIABILITIES:

FLMI leases office space under an operating lease agreement expiring in January 2028. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. Monthly lease payments are fixed at $18,503 through January 31, 2024, and increase each year thereafter up to $20,477 on February 1, 2027. Nonlease components, such as payments required under the lease for common area maintenance, are not included in the measurement of the lease liability. These are expensed as incurred. FLMI also leases office equipment under an operating lease agreement expiring in December 2027. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. Monthly lease payments are fixed at $1,371.

8. RIGHT-OF-USE ASSETS AND LIABILITIES, continued:

Components of all right-of-use assets and lease liabilities are as follows:

	December 31, 2024	December 31, 2023
Operating lease right-of-use assets	$ 671,168	$ 873,185
Operating lease liabilities	$ 746,259	$ 960,637
Operating lease costs	$ 231,557	$ 231,557
Cash paid for amounts included in the measurement of lease liabilities	$ 243,917	$ 219,986
Weighted-average discount rate:	3.42%	3.42%
Weighted-average remaining lease term:	3.08	4.08

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Year Ending December 31,	
2025	$ 249,838
2026	255,759
2027	261,680
2028	20,478
	787,755
Less imputed interest	(41,496)
	$ 746,259

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes:

	December 31, 2024	December 31, 2023
Program activities in Zambia	$ 1,737,397	$ 1,231,017
Construction projects in Zambia	301,485	535,321
	$ 2,038,882	$ 1,766,338

10. FUNCTIONAL CLASSIFICATION OF EXPENSES:

For the year ended December 31, 2024, expenses have been allocated on a functional basis as follows:

		Supporting Activities		
	Program Services	Management and General	Fundraising	Total
Grant expense	$ 8,416,252	$ -	$ -	$ 8,416,252
Salaries and benefits	1,908,309	1,589,597	703,674	4,201,580
Food expense	1,752,461	5,670	-	1,758,131
Travel expenses	1,390,989	108,275	71,384	1,570,648
Professional fees	459,410	-	-	459,410
Interest expense	332,543	-	-	332,543
Program supplies	40,698	258,224	-	298,922
Occupancy	132,192	114,120	32,606	278,918
Technology	8,167	206,603	9,992	224,762
Shipping costs	193,581	-	-	193,581
Bank charges and fees	-	186,665	-	186,665
Marketing and promotion	19,388	78,026	50,820	148,234
Clothes	97,485	-	-	97,485
Office expenses and supplies	7,488	73,478	7,151	88,117
Depreciation expense	26,557	30,983	8,852	66,392
Equipment	-	18,972	-	18,972
	$ 14,785,520	$ 2,670,613	$ 884,479	$ 18,340,612

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

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10. FUNCTIONAL CLASSIFICATION OF EXPENSES, continued:

For the year ended December 31, 2023, expenses have been allocated on a functional basis as follows:

		Supporting Activities		
	Program Services	Management and General	Fundraising	Total
Grant expense	$ 10,417,795	$ -	$ -	$ 10,417,795
Salaries and benefits	2,078,889	1,462,778	444,771	3,986,438
Travel expenses	1,295,679	110,883	63,101	1,469,663
Food expense	1,174,818	6,652	-	1,181,470
Professional fees	38,042	334,890	101,750	474,682
Interest expense	424,547	-	-	424,547
Program supplies	334,847	-	-	334,847
Technology	106,920	243,095	-	350,015
Marketing and promotion	53,323	90,364	132,597	276,284
Occupancy	144,446	120,612	8,041	273,099
Bank charges and fees	-	212,494	-	212,494
Depreciation expense	84,562	90,602	6,040	181,204
Shipping costs	158,819	-	-	158,819
Clothes	86,298	-	-	86,298
Office expenses and supplies	3,560	74,042	3,801	81,403
Equipment	-	4,940	-	4,940
	$ 16,402,545	$ 2,751,352	$ 760,101	$ 19,913,998

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

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11. RELATED PARTY TRANSACTIONS:

As described in Note 2, FLMI fulfills the operations of its major programs through the direct financial support of FLMZ. One FLMI board member and four FLMI officers are also FLMZ board members. During the years ended December 31, 2024 and 2023, FLMI provided grants to FLMZ as follows:

	Year Ended December 31,	
	2024	2023
Direct program funding	$ 8,416,252	$ 10,338,464
Construction funding	-	79,331
	$ 8,416,252	$ 10,417,795

Additionally, FLMI financed FLMZ construction projects related to the land, buildings, and infrastructure for the development of Legacy Hilltop Africa (The Lodge). As of December 31, 2024 and 2023, FMLZ owes FLMI $7,222,754, as it relates to this funding and this is reported as a note receivable on the consolidated statements of financial position. As of December 31, 2024 and 2023, interest receivable payable by FLMZ to FLMI totaled $1,918,649 and $1,459,238, respectively. During the years ended December 31, 2024 and 2023, FLMI reported receivable balances of $683,672 and $676,986, respectively, related to operating advances to The Lodge. As of December 31, 2024 and 2023, funds payable to FLMZ totaled $0 and $3,724, respectively.

FLMI received approximately $466,000 and $454,000 of contributions from board members during the years ended December 31, 2024 and 2023, respectively.

12. COMMITMENT AND CONTINGENCIES:

During the year ended December 31, 2018, a Company in Zambia filed a lawsuit against FLMI for breach of contract seeking damages for nonpayment, loss of business, and other damages. FLMI has filed a counterclaim for breach of contract and damages. While the amounts claimed and counterclaimed are significant, the ultimate liability or receivable cannot be determined based on the information available to date. Management believes that the ultimate outcome will be favorable.

13. FINANCIAL CONDITION:

FLMI partners with donors in the United States to support its ministries in Lusaka, Zambia which, in 2024, served and empowered 12,000 vulnerable children to pursue their God-given potential. Accordingly, FLMI's operations and financial results are influenced by economic conditions in Zambia, as well as governmental policies, regional developments, public health concerns, and other geopolitical factors that may affect the operations of its Zambian ministry, Family Legacy Missions Zambia (FLMZ).

For the year ending December 31, 2024, FLMI reported a net surplus of $21,747, compared to net deficits of $453,432 and $1,887,015 reported for the years ending December 31, 2023, and 2022, respectively. In 2024, the surplus resulted from cost savings of $1,573,386 compared to 2023, which more than offset a decline in support and revenues of $1,098,207. The cost savings were driven primarily by the strengthening of the U.S. dollar against the Zambian kwacha, which lowered the U.S. dollar cost of funding ministry operations in Zambia. In 2024, the average exchange rate rose to 26.13 ZMW per USD, compared to 20.198 in 2023 and 16.98 in 2022. Although the U.S. dollar costs to fund ministry operations in Zambia were reduced in 2024, FLMI's grant support to FLMZ, when measured in kwacha, increased to 221,097,046 ZMW in 2024, representing growth of 7% over 2023 (205,767,386 ZMW) and 14% over 2022 (194,109,502 ZMW). In 2025, despite significant volatility, the average exchange rate for January through September remains above 26, while the average exchange rate for September has stabilized near 23.72.

FLMI remains committed to examining its ministry operations with an emphasis on increasing impact, reducing expenses and mitigating liquidity risks. As part of this initiative, FLMZ continued consolidating in 2025 its Legacy Academies from 20 to 18, transferring campuses from short-term leased properties to existing properties under FLMZ's control. FLMI also aligned its financial reporting period from a calendar year to a fiscal year ending September 30 to align the first four months of its fiscal year with its peak giving period of October through January. Management expects this alignment to improve the predictability of cash flows, supporting more timely and informed resource allocation decisions throughout the fiscal year. In addition, to mitigate short-term liquidity risk, FLMI secured a $1,000,000 revolving line of credit in June 2024 from JP Morgan Chase Bank. Such facility remains unused and is expected to renew in December 2025.

During 2025, FLMI, in collaboration with FLMZ, has developed a five-year strategic plan for the years of 2026 through 2030 to establish clear priorities, measurable objectives, and key impact and performance indicators. The plan is designed to align stakeholders around a unified mission and vision, optimize resource deployment and diversify funding streams. Management believes that successful strategy execution will improve operating efficiency, reinforce financial sustainability, and position the organization for expanded impact.

Based on the efforts detailed above, FLMI believes that the ministry is positioned well to proactively manage existing risks while continuing to identify and capitalize upon opportunities for sustained growth and financial stability through diversified funding strategies and disciplined financial oversight. Furthermore, management believes that the combination of the ministry's available credit facility and anticipated cash flows from operations will be sufficient to meet operational requirements and fulfill financial commitments for the next 12 months, as the organization advances its mission to serve Zambia's most vulnerable children.

14. SUBSEQUENT EVENTS:

Subsequent to year-end, the Board of Directors approved a change in the Organization’s fiscal year-end from December 31 to September 30, effective for the nine month period ended September 30, 2025.

Subsequent events have been evaluated through September 30, 2025, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.