Grace to You
John MacArthur Charitable Trust

Consolidating and Consolidated Financial Statements

For The Years Ended June 30, 2021 and 2020
REPORT OF INDEPENDENT AUDITOR

The Board of Directors
Grace to You
Valencia, California

We have audited the accompanying consolidating and consolidated financial statements of Grace to You and John MacArthur Charitable Trust (collectively “the Organizations”), which consist of the consolidating and consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidating and consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidating and consolidated financial statements.

Management’s Responsibility for the Consolidating and Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidating and consolidated 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 consolidating and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these consolidating and consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidating and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating and consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidating and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organizations’ preparation and fair presentation of the consolidating and consolidated financial statements 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 the Organizations’ internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidating and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Grace to You and John MacArthur Charitable Trust as of June 30, 2021 and 2020, the changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Batts Morrison Wales & Lee, P.A.

Plano, Texas
October 12, 2021
**GRACE TO YOU**  
**JOHN MACARTHUR CHARITABLE TRUST**  
CONSOLIDATING AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
June 30, 2021

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>Grace to You</th>
<th>John MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$11,296,658</td>
<td>$3,982,032</td>
<td>—</td>
<td>$15,278,690</td>
</tr>
<tr>
<td>Investments</td>
<td>19,750,563</td>
<td>—</td>
<td>—</td>
<td>19,750,563</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,282,286</td>
<td>—</td>
<td>—</td>
<td>1,282,286</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>1,642,538</td>
<td>38,024</td>
<td>—</td>
<td>1,680,562</td>
</tr>
<tr>
<td>Cash surrender value of life insurance</td>
<td>1,092,518</td>
<td>—</td>
<td>—</td>
<td>1,092,518</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>5,074,990</td>
<td>—</td>
<td>—</td>
<td>5,074,990</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$40,139,553</strong></td>
<td><strong>$4,020,056</strong></td>
<td>—</td>
<td><strong>$44,159,609</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>Grace to You</th>
<th>John MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$1,483,444</td>
<td>$6,400</td>
<td>—</td>
<td>$1,489,844</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>23,596</td>
<td>—</td>
<td>—</td>
<td>23,596</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,507,040</strong></td>
<td><strong>6,400</strong></td>
<td>—</td>
<td><strong>1,513,440</strong></td>
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</table>

**NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>Grace to You</th>
<th>John MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undesignated</td>
<td>37,740,608</td>
<td>3,761,656</td>
<td>—</td>
<td>41,502,264</td>
</tr>
<tr>
<td>Board designated</td>
<td>689,783</td>
<td>102,000</td>
<td>—</td>
<td>791,783</td>
</tr>
<tr>
<td><strong>Total net assets without donor restrictions</strong></td>
<td>38,430,391</td>
<td>3,863,656</td>
<td>—</td>
<td>42,294,047</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>202,122</td>
<td>150,000</td>
<td>—</td>
<td>352,122</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>38,632,513</strong></td>
<td><strong>4,013,656</strong></td>
<td>—</td>
<td><strong>42,646,169</strong></td>
</tr>
</tbody>
</table>

**Total liabilities and net assets**

<table>
<thead>
<tr>
<th></th>
<th>Grace to You</th>
<th>John MacArthur Charitable Trust</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>$40,139,553</strong></td>
<td><strong>$4,020,056</strong></td>
<td>—</td>
<td>—</td>
<td><strong>$44,159,609</strong></td>
</tr>
</tbody>
</table>

The Accompanying Notes are an Integral Part of These Consolidating and Consolidated Financial Statements
## GRACE TO YOU
### JOHN MACARTHUR CHARITABLE TRUST
#### CONSOLIDATING AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION
#### June 30, 2020

### ASSETS

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Grace to You</th>
<th>John MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,248,953</td>
<td>$9,953,485</td>
<td>$—</td>
<td>$16,202,438</td>
</tr>
<tr>
<td>Investments</td>
<td>10,359,446</td>
<td>—</td>
<td>—</td>
<td>10,359,446</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,186,726</td>
<td>—</td>
<td>—</td>
<td>1,186,726</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>2,290,196</td>
<td>21,945</td>
<td>(3,160)</td>
<td>2,308,981</td>
</tr>
<tr>
<td>Cash surrender value of life insurance</td>
<td>1,049,212</td>
<td>—</td>
<td>—</td>
<td>1,049,212</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>5,152,728</td>
<td>—</td>
<td>—</td>
<td>5,152,728</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$26,287,261</strong></td>
<td><strong>$9,975,430</strong></td>
<td><strong>(3,160)</strong></td>
<td><strong>$36,259,531</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Grace to You</th>
<th>John MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$1,130,411</td>
<td>$12,688</td>
<td>(3,160)</td>
<td>$1,139,939</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>25,395</td>
<td>—</td>
<td>—</td>
<td>25,395</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,155,806</strong></td>
<td><strong>12,688</strong></td>
<td><strong>(3,160)</strong></td>
<td><strong>1,165,334</strong></td>
</tr>
</tbody>
</table>

### NET ASSETS

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th>Grace to You</th>
<th>John MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>23,996,957</td>
<td>4,570,742</td>
<td>—</td>
<td>28,567,699</td>
</tr>
<tr>
<td>Board designated</td>
<td>727,100</td>
<td>5,312,000</td>
<td>—</td>
<td>6,039,100</td>
</tr>
<tr>
<td><strong>Total net assets without donor restrictions</strong></td>
<td>24,724,057</td>
<td>9,882,742</td>
<td>—</td>
<td>34,606,799</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>407,398</td>
<td>80,000</td>
<td>—</td>
<td>487,398</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>25,131,455</strong></td>
<td><strong>9,962,742</strong></td>
<td>—</td>
<td><strong>35,094,197</strong></td>
</tr>
</tbody>
</table>

| **Total net assets**                       | **25,131,455** | **9,962,742**                   | —            | **35,094,197**     |

| **Total liabilities and net assets**       | **$26,287,261** | **$9,975,430**                   | **(3,160)** | **$36,259,531**    |

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The Accompanying Notes are an Integral Part of These Consolidating and Consolidated Financial Statements
<table>
<thead>
<tr>
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<th>MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in Net Assets Without Donor Restrictions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public support and revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 30,499,314</td>
<td>$ 7,099,296</td>
<td>—</td>
<td>$ 37,598,610</td>
</tr>
<tr>
<td>Investment income, net</td>
<td>3,775,348</td>
<td>8,748</td>
<td>—</td>
<td>3,784,096</td>
</tr>
<tr>
<td>Ministry media sales</td>
<td>2,558,849</td>
<td>—</td>
<td>—</td>
<td>2,558,849</td>
</tr>
<tr>
<td>Other revenue</td>
<td>314,078</td>
<td>—</td>
<td>(2,389)</td>
<td>311,689</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>282,490</td>
<td>930,000</td>
<td>—</td>
<td>1,212,490</td>
</tr>
<tr>
<td>Total public support and revenue and net assets released from restrictions</td>
<td>37,430,079</td>
<td>8,038,044</td>
<td>(2,389)</td>
<td>45,465,734</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program activities</td>
<td>19,352,065</td>
<td>13,223,210</td>
<td>—</td>
<td>32,575,275</td>
</tr>
<tr>
<td>Supporting activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,811,318</td>
<td>240,598</td>
<td>(2,389)</td>
<td>4,049,527</td>
</tr>
<tr>
<td>Fundraising</td>
<td>560,363</td>
<td>593,322</td>
<td>—</td>
<td>1,153,685</td>
</tr>
<tr>
<td>Total supporting activities</td>
<td>4,371,681</td>
<td>833,920</td>
<td>(2,389)</td>
<td>5,203,212</td>
</tr>
<tr>
<td>Total expenses</td>
<td>23,723,746</td>
<td>14,057,130</td>
<td>(2,389)</td>
<td>37,778,487</td>
</tr>
<tr>
<td>Change in net assets without donor restrictions</td>
<td>13,706,333</td>
<td>(6,019,086)</td>
<td>—</td>
<td>7,687,247</td>
</tr>
</tbody>
</table>

**Change in Net Assets With Donor Restrictions**

|                          |              |                             |              |                    |
| Contributions            | 77,215       | 1,000,000                   | —            | 1,077,215          |
| Net assets released from restrictions | (282,490) | (930,000)                   | —            | (1,212,490)        |
| Change in net assets with donor restrictions | (205,275) | 70,000                      | —            | (135,275)          |

**Change in Net Assets**

|                          |              |                             |              |                    |
| NET ASSETS - Beginning of year | 13,501,058 | (5,949,086)                 | —            | 7,551,972          |
| NET ASSETS - End of year      | $ 38,632,513 | $ 4,013,656                | —            | $ 42,646,169       |
**GRACE TO YOU**
**JOHN MACARTHUR CHARITABLE TRUST**
CONSOLIDATING AND CONSOLIDATED STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>Grace to You</th>
<th>MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public support and revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$25,522,839</td>
<td>$14,657,636</td>
<td>($3,235,636)</td>
<td>$36,924,839</td>
</tr>
<tr>
<td>Ministry media sales</td>
<td>1,784,366</td>
<td>—</td>
<td>—</td>
<td>$1,784,366</td>
</tr>
<tr>
<td>Other revenue</td>
<td>578,864</td>
<td>—</td>
<td>(32,005)</td>
<td>546,859</td>
</tr>
<tr>
<td>Investment income, net</td>
<td>128,817</td>
<td>13,293</td>
<td>—</td>
<td>142,110</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>375,092</td>
<td>45,000</td>
<td>—</td>
<td>420,092</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total public support and revenue and net assets released from restrictions</td>
<td>$28,389,978</td>
<td>$14,695,929</td>
<td>($3,267,641)</td>
<td>$39,818,266</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program activities</td>
<td>23,434,305</td>
<td>4,638,750</td>
<td>(3,235,636)</td>
<td>24,837,419</td>
</tr>
<tr>
<td>Supporting activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,290,137</td>
<td>95,437</td>
<td>(32,005)</td>
<td>3,353,569</td>
</tr>
<tr>
<td>Fundraising</td>
<td>566,702</td>
<td>79,000</td>
<td>—</td>
<td>645,702</td>
</tr>
<tr>
<td>Total supporting activities</td>
<td>3,856,839</td>
<td>174,437</td>
<td>(32,005)</td>
<td>3,999,271</td>
</tr>
<tr>
<td>Total expenses</td>
<td>27,291,144</td>
<td>4,813,187</td>
<td>(3,267,641)</td>
<td>28,836,690</td>
</tr>
<tr>
<td>Change in net assets without donor restrictions</td>
<td>1,098,834</td>
<td>9,882,742</td>
<td>—</td>
<td>10,981,576</td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>65,154</td>
<td>125,000</td>
<td>—</td>
<td>190,154</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(375,092)</td>
<td>(45,000)</td>
<td>—</td>
<td>(420,092)</td>
</tr>
<tr>
<td>Change in net assets with donor restrictions</td>
<td>(309,938)</td>
<td>80,000</td>
<td>—</td>
<td>(229,938)</td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>788,896</td>
<td>9,962,742</td>
<td>—</td>
<td>10,751,638</td>
</tr>
<tr>
<td><strong>NET ASSETS - Beginning of year</strong></td>
<td>24,342,559</td>
<td>—</td>
<td>—</td>
<td>24,342,559</td>
</tr>
<tr>
<td><strong>NET ASSETS - End of year</strong></td>
<td>$25,131,455</td>
<td>$9,962,742</td>
<td>—</td>
<td>$35,094,197</td>
</tr>
</tbody>
</table>

The Accompanying Notes are an Integral Part of These Consolidating and Consolidated Financial Statements
### OPERATING CASH FLOWS

<table>
<thead>
<tr>
<th></th>
<th>Grace to You</th>
<th>John MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$13,501,058</td>
<td>$(5,949,086)</td>
<td>$—</td>
<td>$7,551,972</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net operating cash flows</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>557,274</td>
<td>—</td>
<td>—</td>
<td>557,274</td>
</tr>
<tr>
<td>Amortization</td>
<td>269,326</td>
<td>—</td>
<td>—</td>
<td>269,326</td>
</tr>
<tr>
<td>Net investment gain</td>
<td>(3,372,968)</td>
<td>—</td>
<td>—</td>
<td>(3,372,968)</td>
</tr>
<tr>
<td>Change in inventories</td>
<td>(95,560)</td>
<td>—</td>
<td>—</td>
<td>(95,560)</td>
</tr>
<tr>
<td>Change in prepaid expenses and other assets</td>
<td>65,158</td>
<td>(16,079)</td>
<td>—</td>
<td>63,079</td>
</tr>
<tr>
<td>Change in accounts payable and accrued expenses</td>
<td>353,033</td>
<td>(6,288)</td>
<td>—</td>
<td>346,745</td>
</tr>
<tr>
<td>Change in other liabilities</td>
<td>(1,799)</td>
<td>—</td>
<td>—</td>
<td>(1,799)</td>
</tr>
<tr>
<td><strong>Net operating cash flows</strong></td>
<td><strong>11,861,922</strong></td>
<td><strong>(5,971,453)</strong></td>
<td>—</td>
<td><strong>5,890,469</strong></td>
</tr>
</tbody>
</table>

### INVESTING CASH FLOWS

<table>
<thead>
<tr>
<th></th>
<th>Grace to You</th>
<th>John MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments</td>
<td>(20,530,175)</td>
<td>—</td>
<td>—</td>
<td>(20,530,175)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>14,914,406</td>
<td>—</td>
<td>—</td>
<td>14,914,406</td>
</tr>
<tr>
<td>Reinvestment of interest and dividends</td>
<td>(402,380)</td>
<td>—</td>
<td>—</td>
<td>(402,380)</td>
</tr>
<tr>
<td>Net increase in cash surrender value of life insurance</td>
<td>(43,306)</td>
<td>—</td>
<td>—</td>
<td>(43,306)</td>
</tr>
<tr>
<td>Expenditures for website and Bible application development</td>
<td>(273,226)</td>
<td>—</td>
<td>—</td>
<td>(273,226)</td>
</tr>
<tr>
<td>Purchases of and improvements to property and equipment</td>
<td>(479,536)</td>
<td>—</td>
<td>—</td>
<td>(479,536)</td>
</tr>
<tr>
<td><strong>Net investing cash flows</strong></td>
<td><strong>(6,814,217)</strong></td>
<td>—</td>
<td>—</td>
<td><strong>(6,814,217)</strong></td>
</tr>
</tbody>
</table>

### NET CHANGE IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>Grace to You</th>
<th>John MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td><strong>5,047,705</strong></td>
<td><strong>(5,971,453)</strong></td>
<td>—</td>
<td><strong>(923,748)</strong></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents - Beginning of year</strong></td>
<td><strong>6,248,953</strong></td>
<td><strong>9,953,485</strong></td>
<td>—</td>
<td><strong>16,202,438</strong></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents - End of year</strong></td>
<td><strong>$11,296,658</strong></td>
<td><strong>$3,982,032</strong></td>
<td>—</td>
<td><strong>$15,278,690</strong></td>
</tr>
</tbody>
</table>
### CONSOLIDATING AND CONSOLIDATED STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>Operating Cash Flows</th>
<th>Grace to You</th>
<th>MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ 788,896</td>
<td>$ 9,962,742</td>
<td>$ —</td>
<td>$ 10,751,638</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net operating cash flows</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>541,875</td>
<td>—</td>
<td>—</td>
<td>541,875</td>
</tr>
<tr>
<td>Amortization</td>
<td>221,262</td>
<td>—</td>
<td>—</td>
<td>221,262</td>
</tr>
<tr>
<td>Net investment loss</td>
<td>85,059</td>
<td>—</td>
<td>—</td>
<td>85,059</td>
</tr>
<tr>
<td>Change in inventories</td>
<td>176,120</td>
<td>—</td>
<td>—</td>
<td>176,120</td>
</tr>
<tr>
<td>Change in prepaid expenses and other assets</td>
<td>(1,068,329)</td>
<td>(21,945)</td>
<td>3,160</td>
<td>(1,087,114)</td>
</tr>
<tr>
<td>Change in accounts payable and accrued expenses</td>
<td>(66,691)</td>
<td>12,688</td>
<td>(3,160)</td>
<td>(57,163)</td>
</tr>
<tr>
<td>Change in other liabilities</td>
<td>(212,252)</td>
<td>—</td>
<td>—</td>
<td>(212,252)</td>
</tr>
<tr>
<td><strong>Net operating cash flows</strong></td>
<td><strong>465,940</strong></td>
<td><strong>9,953,485</strong></td>
<td>—</td>
<td><strong>10,419,425</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investing Cash Flows</th>
<th>Grace to You</th>
<th>MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments</td>
<td>(12,337,128)</td>
<td>—</td>
<td>—</td>
<td>(12,337,128)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>11,809,971</td>
<td>—</td>
<td>—</td>
<td>11,809,971</td>
</tr>
<tr>
<td>Reinvestment of interest and dividends</td>
<td>(244,094)</td>
<td>—</td>
<td>—</td>
<td>(244,094)</td>
</tr>
<tr>
<td>Net increase in cash surrender value of life insurance</td>
<td>(57,287)</td>
<td>—</td>
<td>—</td>
<td>(57,287)</td>
</tr>
<tr>
<td>Expenditures for website and Bible application development</td>
<td>(350,273)</td>
<td>—</td>
<td>—</td>
<td>(350,273)</td>
</tr>
<tr>
<td>Purchases of and improvements to property and equipment</td>
<td>(671,766)</td>
<td>—</td>
<td>—</td>
<td>(671,766)</td>
</tr>
<tr>
<td><strong>Net investing cash flows</strong></td>
<td><strong>(1,850,577)</strong></td>
<td>—</td>
<td>—</td>
<td><strong>(1,850,577)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Change in Cash and Cash Equivalents</th>
<th>Grace to You</th>
<th>MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(1,384,637)</strong></td>
<td><strong>9,953,485</strong></td>
<td>—</td>
<td>—</td>
<td><strong>8,568,848</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and Cash Equivalents - Beginning of year</th>
<th>Grace to You</th>
<th>MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7,633,590</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td><strong>7,633,590</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and Cash Equivalents - End of year</th>
<th>Grace to You</th>
<th>MacArthur Charitable Trust</th>
<th>Eliminations</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$ 6,248,953</strong></td>
<td><strong>$ 9,953,485</strong></td>
<td>—</td>
<td>—</td>
<td><strong>$ 16,202,438</strong></td>
</tr>
</tbody>
</table>

The Accompanying Notes are an Integral Part of These Consolidating and Consolidated Financial Statements
### GRACE TO YOU
#### JOHN MACARTHUR CHARITABLE TRUST

**CONSOLIDATING AND CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended June 30, 2021

<table>
<thead>
<tr>
<th></th>
<th>Grace to You</th>
<th></th>
<th></th>
<th>John MacArthur Charitable Trust</th>
<th></th>
<th></th>
<th></th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program activities</td>
<td>Supporting activities</td>
<td></td>
<td>Program activities</td>
<td>Supporting activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General and administrative</td>
<td>Fundraising</td>
<td>Total</td>
<td>General and administrative</td>
<td>Fundraising</td>
<td>Total</td>
<td>Eliminations</td>
<td>Total</td>
</tr>
<tr>
<td>Resources distributed free of charge and ministry support</td>
<td>$3,293,601</td>
<td>$202,838</td>
<td>$166,469</td>
<td>$3,662,908</td>
<td>$13,223,210</td>
<td>$—</td>
<td>$—</td>
<td>$13,223,210</td>
</tr>
<tr>
<td>Payroll and benefits</td>
<td>6,017,625</td>
<td>2,477,750</td>
<td>198,997</td>
<td>8,694,372</td>
<td>—</td>
<td>7,224</td>
<td>137,250</td>
<td>144,474</td>
</tr>
<tr>
<td>Radio</td>
<td>5,356,574</td>
<td>—</td>
<td>52,413</td>
<td>5,408,987</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Building, equipment, and occupancy costs</td>
<td>1,593,975</td>
<td>275,531</td>
<td>19,078</td>
<td>1,888,584</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Costs of resources sold</td>
<td>1,530,000</td>
<td>3,348</td>
<td>—</td>
<td>1,533,348</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Printing</td>
<td>623,379</td>
<td>117,360</td>
<td>109,328</td>
<td>850,067</td>
<td>—</td>
<td>—</td>
<td>284,827</td>
<td>284,827</td>
</tr>
<tr>
<td>Other</td>
<td>20,436</td>
<td>691,606</td>
<td>11,410</td>
<td>723,452</td>
<td>—</td>
<td>233,374</td>
<td>98,648</td>
<td>332,022</td>
</tr>
<tr>
<td>Television</td>
<td>860,146</td>
<td>—</td>
<td>1,377</td>
<td>861,523</td>
<td>—</td>
<td>—</td>
<td>72,597</td>
<td>72,597</td>
</tr>
<tr>
<td>Conferences and travel</td>
<td>56,329</td>
<td>42,885</td>
<td>1,291</td>
<td>100,505</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$19,352,065</td>
<td>$3,811,318</td>
<td>$560,363</td>
<td>$23,723,746</td>
<td>$13,223,210</td>
<td>$240,598</td>
<td>$593,322</td>
<td>$14,057,130</td>
</tr>
</tbody>
</table>

The Accompanying Notes are an Integral Part of These Consolidating and Consolidated Financial Statements
## GRACE TO YOU
### JOHN MACARTHUR CHARITABLE TRUST
### CONSOLIDATING AND CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
### For The Year Ended June 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>Grace to You</th>
<th>John MacArthur Charitable Trust</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program activities</td>
<td>Supporting activities</td>
<td>Program activities</td>
</tr>
<tr>
<td>Resources distributed free of charge and ministry support</td>
<td>$7,953,740</td>
<td>$208,720</td>
<td>$159,942</td>
</tr>
<tr>
<td>Payroll and benefits</td>
<td>$5,078,751</td>
<td>$2,027,647</td>
<td>$169,988</td>
</tr>
<tr>
<td>Radio</td>
<td>$5,347,668</td>
<td>—</td>
<td>$51,855</td>
</tr>
<tr>
<td>Building, equipment, and occupancy costs</td>
<td>$1,582,298</td>
<td>$257,703</td>
<td>$16,762</td>
</tr>
<tr>
<td>Printing</td>
<td>$779,535</td>
<td>$149,857</td>
<td>$131,111</td>
</tr>
<tr>
<td>Costs of resources sold</td>
<td>$1,053,274</td>
<td>$2,492</td>
<td>—</td>
</tr>
<tr>
<td>Television</td>
<td>$850,202</td>
<td>—</td>
<td>$1,377</td>
</tr>
<tr>
<td>Conferences and travel</td>
<td>$769,408</td>
<td>$37,505</td>
<td>$4,187</td>
</tr>
<tr>
<td>Other</td>
<td>$19,429</td>
<td>$606,213</td>
<td>$31,480</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$23,434,305</strong></td>
<td><strong>$3,290,137</strong></td>
<td><strong>$566,702</strong></td>
</tr>
</tbody>
</table>

The Accompanying Notes are an Integral Part of These Consolidating and Consolidated Financial Statements
NOTE A – NATURE OF ACTIVITIES

Grace to You ("the Ministry") is a not-for-profit California corporation, with headquarters in Valencia, California. The Ministry is dedicated to teaching Biblical truth with clarity. The Ministry uses media to expose John MacArthur’s teachings to as wide an audience as possible "for the equipping of the saints for the work of service, to the building up of the body of Christ; until we all attain to the unity of the faith, and of the knowledge of the Son of God, to a mature man, to the measure of the stature which belongs to the fullness of Christ” (Ephesians 4:12-13, New American Standard Bible).

The Ministry provides Biblically-based materials to protect believers from being "tossed here and there by waves, and carried about by every wind of doctrine, by the trickery of men, by craftiness in deceitful scheming” (Ephesians 4:14). The Ministry accepts the God-given responsibility of "speaking the truth in love” (Ephesians 4:15) and striving for the growth of the church and glory of the Lord, rather than the praise and honor of men. The Ministry supports the local church’s ministry by providing additional resources for those hungering for the truth of God’s Word. The Ministry believes that media ministries can never substitute for involvement in a Biblical church, group Bible study, or interaction with a teacher. Yet there is the need for more in-depth resources, evidenced by the many Christians and Christian leaders worldwide who depend on this ministry to supplement their own study.

The Ministry distributes John MacArthur’s works through radio programs for broadcast, telecasts, web-based media, and other media. The Ministry also conducts conferences; sells books, audio, and video media; and publishes books and other media that advance the Ministry’s exempt religious and educational purposes. The Ministry produces and airs the following radio programs:

- “Grace to You,” a daily half-hour radio program featuring sermons preached by John MacArthur;
- “Grace to You Weekend,” a weekly radio program;
- "Portraits of Grace,” a daily one-minute program offering devotional content; and
- "Bible Q&A with John MacArthur,” a daily two-minute feature in which John MacArthur answers Bible questions.

These radio programs reach major metropolitan areas of the United States, as well as Australia and Canada, parts of Asia and Europe, and South Africa. Spanish versions of the broadcasts are also aired in various countries.

The Master’s Grace Fund (“TMGF”) is a California not-for-profit corporation organized to support various ministries led by John MacArthur. The Ministry elects a majority of the Board of Directors of TMGF. In conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), the consolidated financial statements of the Ministry include the accounts of TMGF. TMGF commenced operations during the year ended June 30, 2020. During the year ended June 30, 2021, TMGF changed its name from The Master's Grace Fund to John MacArthur Charitable Trust (“JMCT”).

References to "the Organizations" in these footnotes include both the Ministry and JMCT.

All significant interorganization transactions have been eliminated in consolidation.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Organizations recognize cash contributions as revenue when contributions are received by the Organizations. Contributions received are recorded as without or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to
Revenue recognition (Continued)
net assets without donor restrictions and reported in the consolidating and consolidated statements of activities as “net assets released from restrictions.”

Ministry media sales revenue
Ministry media sales are reported at the amount that reflects the consideration to which the Ministry expects to be entitled for sales of ministry media products. Such amounts are generally due from consumers of ministry media. Ministry media sales revenue is recognized upon the sale of products.

Performance obligations are determined based on the nature of the goods provided by the Ministry. The Ministry measures the performance obligation for ministry media sales revenue at the point of sale of the products. The Ministry measures the transaction price of such revenues based on published rates for the goods, net of certain discounts.

Cash and cash equivalents
The Organizations consider investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Investments
Investments are stated at estimated fair value.

Inventories
Inventories consist primarily of audio and video media and books. Inventories are stated at the lower of cost or market using the first-in, first-out inventory cost-flow assumption.

Property and equipment
Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets.

Income taxes
The Organizations are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law. The Organizations are further classified as public charities and not private foundations for federal tax purposes. Neither entity has incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying consolidating and consolidated financial statements.

Net assets
Net assets without donor restrictions are available for use at the discretion of the Boards of Directors and/or management for general operating purposes. From time to time, the Boards may designate a portion of these net assets for specific purposes which make them unavailable for use at management's discretion. Board designated net assets consist of amounts designated by the Ministry's Board of Directors for Russian translation work and by JMCT's Board of Directors for scholarships and grants. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions, primarily for various translation efforts and scholarships.

Functional allocation of expenses
The consolidating and consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.
NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates
Management uses estimates and assumptions in preparing consolidating and consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from the estimates.

Donated services
No amounts have been reflected in the accompanying consolidating and consolidated financial statements for donated services. The Organizations generally pay for services requiring specific expertise, and other donated services ordinarily do not meet the recognition criteria under U.S. GAAP. However, many individuals volunteer their time and perform a variety of tasks that assist the Organizations with specific activities.

New accounting pronouncement
Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606) is effective for the consolidating and consolidated financial statements for the year ended June 30, 2021. The ASU generally applies to organizations that enter into contracts with customers to transfer goods or services and establishes a performance obligation to revenue recognition. The adoption of the ASU had no effect on the consolidating or consolidated net assets as of July 1, 2019, or the consolidating or consolidated changes in net assets for the years ended June 30, 2021 and 2020.

Economic uncertainties
In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). The pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. Management is closely monitoring the potential impact of the pandemic on the Organizations’ financial condition because the impact on global commerce is unknown. However, management believes that the Organizations are well-situated to endure a prolonged market downturn.

Reclassifications
Certain amounts included in the consolidating and consolidated financial statements as of and for the year ended June 30, 2020 have been reclassified to conform to classifications adopted during the year ended June 30, 2021. The reclassifications had no material effect on the accompanying consolidating and consolidated financial statements.

Subsequent events
The Organizations have evaluated for possible financial reporting and disclosure subsequent events through the date of the independent auditor’s report, the date as of which the consolidating and consolidated financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the June 30, 2021 consolidating and consolidated statement of financial position are as follows:
NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

Financial assets available:

<table>
<thead>
<tr>
<th></th>
<th>Ministry</th>
<th>JMCT</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>11,296,658</td>
<td>3,982,032</td>
<td>—</td>
<td>$15,278,690</td>
</tr>
<tr>
<td>Investments</td>
<td>19,750,563</td>
<td>—</td>
<td>—</td>
<td>19,750,563</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>148,974</td>
<td>—</td>
<td>—</td>
<td>148,974</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total financial assets available within one year</td>
<td>31,196,195</td>
<td>3,982,032</td>
<td>—</td>
<td>35,178,227</td>
</tr>
<tr>
<td>Less amounts unavailable for general expenditure within one year due to amounts held subject to board designations</td>
<td>(689,783)</td>
<td>(102,000)</td>
<td>—</td>
<td>(791,783)</td>
</tr>
<tr>
<td>Total</td>
<td>$30,506,412</td>
<td>$3,880,032</td>
<td>—</td>
<td>$34,386,444</td>
</tr>
</tbody>
</table>

Financial assets available for general expenditure within one year of the date of the June 30, 2020 consolidating and consolidated statement of financial position are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Ministry</th>
<th>JMCT</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>6,248,953</td>
<td>9,953,485</td>
<td>—</td>
<td>$16,202,438</td>
</tr>
<tr>
<td>Investments</td>
<td>10,359,446</td>
<td>—</td>
<td>—</td>
<td>10,359,446</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>85,404</td>
<td>—</td>
<td>(3,160)</td>
<td>82,244</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total financial assets available within one year</td>
<td>16,693,803</td>
<td>9,953,485</td>
<td>(3,160)</td>
<td>26,644,128</td>
</tr>
<tr>
<td>Less amounts unavailable for general expenditure within one year due to amounts held subject to board designations</td>
<td>(727,100)</td>
<td>(5,312,000)</td>
<td>—</td>
<td>(6,039,100)</td>
</tr>
<tr>
<td>Total</td>
<td>$15,966,703</td>
<td>$4,641,485</td>
<td>(3,160)</td>
<td>$20,605,028</td>
</tr>
</tbody>
</table>

The Organizations are primarily supported by contributions. As part of the Organizations’ liquidity management, they structure their financial assets to be available as their general expenditures, liabilities, and other obligations come due. As of June 30, 2021 and 2020, the Ministry’s Board of Directors have designated certain amounts to support Russian translation work and JMCT’s Board of Directors have designated certain amounts for scholarships and grants. Because of these designations, these amounts are not available for general expenditure within the next year; however, either Board of Directors could make the funds available, if necessary. The Organizations also have certain donor-restricted assets that are available for general expenditure within one year, because the restrictions on net assets are expected to be met by conducting the normal activities of the Organizations in the coming year. Management believes the Organizations have sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need.
NOTE D – CONCENTRATIONS

The Organizations maintain their cash and cash equivalents in deposit or investment accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organizations have not experienced any losses in such accounts, and believe they are not exposed to any significant credit risk related to cash and cash equivalents. As of June 30, 2021 and 2020, all of the Ministry’s investments were held by one custodian.

NOTE E – FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, U.S. GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

- **Level 1** – unadjusted quoted market prices in active markets for identical items

- **Level 2** – other significant observable inputs (such as quoted prices for similar items)

- **Level 3** – significant unobservable inputs

The Ministry’s nontraditional investment consists of an interest in a fund invested in private equity, infrastructure, and other private asset investments. The real estate investment trust holding consists of an investment in companies that operate income-producing real estate assets. The estimated fair value of investments valued using “Level 3” inputs are based on amounts provided by the investees. These investments can generally be liquidated at an amount approximating carrying value in the near-term with proper notice.

Estimated fair value of the Ministry’s assets measured on a recurring basis as of June 30, 2021 are as follows:

<table>
<thead>
<tr>
<th>Mutual funds and exchange-traded funds:</th>
<th>Total</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. large cap</td>
<td>$7,134,823</td>
<td>$7,134,823</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>International</td>
<td>6,338,122</td>
<td>6,338,122</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Fixed income</td>
<td>2,051,924</td>
<td>2,051,924</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>U.S. small cap</td>
<td>1,171,795</td>
<td>1,171,795</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>425,209</td>
<td>425,209</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>17,121,873</strong></td>
<td><strong>17,121,873</strong></td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>
NOTE E – FAIR VALUE MEASUREMENTS (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed income</td>
<td>$1,080,267</td>
<td>$1,080,267</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Nontraditional investment</td>
<td>864,321</td>
<td>—</td>
<td>—</td>
<td>864,321</td>
</tr>
<tr>
<td>Real estate investment trust</td>
<td>684,102</td>
<td>—</td>
<td>—</td>
<td>684,102</td>
</tr>
<tr>
<td>Total</td>
<td>$19,750,563</td>
<td>$18,202,140</td>
<td>—</td>
<td>$1,548,423</td>
</tr>
</tbody>
</table>

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, July 1, 2020</td>
<td>$</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases</td>
<td></td>
<td>1,455,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net gain</td>
<td></td>
<td>93,423</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance June 30, 2021</td>
<td>$1,548,423</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Estimated fair value of the Ministry’s assets measured on a recurring basis as of June 30, 2020 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds and exchange-traded funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. large cap</td>
<td>$3,799,850</td>
<td>$3,799,850</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>International</td>
<td>3,731,304</td>
<td>3,731,304</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Fixed income</td>
<td>923,724</td>
<td>923,724</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>U.S. small cap</td>
<td>565,563</td>
<td>565,563</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Subtotal</td>
<td>9,020,441</td>
<td>9,020,441</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Fixed income</td>
<td>1,035,171</td>
<td>1,035,171</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>303,834</td>
<td>303,834</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>$10,359,446</td>
<td>$10,359,446</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

NOTE F – PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets as of June 30, 2021 consisted of the following:

<table>
<thead>
<tr>
<th>Category</th>
<th>Ministry</th>
<th>JMCT</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website and Bible application development costs, net</td>
<td>$770,397</td>
<td>—</td>
<td>—</td>
<td>$770,397</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>723,167</td>
<td>38,024</td>
<td>—</td>
<td>761,191</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>148,974</td>
<td>—</td>
<td>—</td>
<td>148,974</td>
</tr>
<tr>
<td>Total prepaid expenses and other assets</td>
<td>$1,642,538</td>
<td>$38,024</td>
<td>—</td>
<td>$1,680,562</td>
</tr>
</tbody>
</table>
NOTE F – PREPAID EXPENSES AND OTHER ASSETS (Continued)

Prepaid expenses and other assets as of June 30, 2020 consisted of the following:

<table>
<thead>
<tr>
<th>Category</th>
<th>Ministry</th>
<th>JMCT</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid expenses</td>
<td>$ 1,438,296</td>
<td>$ 21,945</td>
<td>—</td>
<td>$ 1,460,241</td>
</tr>
<tr>
<td>Website and Bible application development costs, net</td>
<td>766,496</td>
<td>—</td>
<td>—</td>
<td>766,496</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>85,404</td>
<td>—</td>
<td>(3,160)</td>
<td>82,244</td>
</tr>
<tr>
<td>Total prepaid expenses and other assets</td>
<td>$ 2,290,196</td>
<td>$ 21,945</td>
<td>(3,160)</td>
<td>$ 2,308,981</td>
</tr>
</tbody>
</table>

The estimated useful life of website and Bible application development costs is three years. Amortization expense related to website and Bible application development costs amounted to $269,326 and $221,262 during the years ended June 30, 2021 and 2020, respectively.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<table>
<thead>
<tr>
<th>Category</th>
<th>June 30, 2021</th>
<th>June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 1,309,249</td>
<td>$ 1,309,249</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>5,837,060</td>
<td>5,829,810</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>3,184,850</td>
<td>2,712,562</td>
</tr>
<tr>
<td>Total property and equipment</td>
<td>10,331,159</td>
<td>9,851,621</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>(5,256,169)</td>
<td>(4,698,893)</td>
</tr>
<tr>
<td>Net property and equipment</td>
<td>$ 5,074,990</td>
<td>$ 5,152,728</td>
</tr>
</tbody>
</table>

Depreciation expense related to property and equipment amounted to $557,274 and $541,875 during the years ended June 30, 2021 and 2020, respectively.

NOTE H – RETIREMENT PLAN

The Ministry maintains a 403(b) retirement plan ("the Plan") for the benefit of its employees. Eligible employees may make elective deferral contributions to the Plan. Employer contributions to the Plan are discretionary. The Ministry contributed approximately $350,000 and $346,000 to the Plan during the years ended June 30, 2021 and 2020, respectively.

NOTE I – JOINT COST ALLOCATION

During the years ended June 30, 2021 and 2020, the Ministry incurred joint costs in the approximate amounts of $7,533,000 and $7,508,000, respectively, for Bible teaching activities that included fundraising appeals in connection with the Ministry’s exempt purposes. Of those costs, approximately $6,900,000 and $6,837,000 were allocated to “program activities” expense, $304,000 and $330,000 were allocated to “general and administrative” expense, and $329,000 and $341,000, respectively, were allocated to “fundraising” expense in the accompanying consolidating and consolidated statements of activities.
NOTE J – RELATED PARTY TRANSACTIONS

The intellectual property used and sold by the Ministry is licensed to the Ministry by its chairman for such use pursuant to agreements, the terms of which do not require the Ministry to pay royalties or other licensing fees to its chairman.

During the years ended June 30, 2021 and 2020, the Ministry paid approximately $789,000 and $790,000, respectively, for video production and artwork services to entities controlled by certain of the chairman's family members.

NOTE K – TRANSACTIONS WITH COOPERATING MINISTRIES

The Organizations cooperate with other entities for which the chairman of the Organizations serves as president or a director. During the years ended June 30, 2021 and 2020, the Ministry made grants to such entities of $42,000 and $5,134,000, respectively (including approximately $3,236,000 to JMCT during the year ended June 30, 2020). JMCT made grants to such entities during the years ended June 30, 2021 and 2020 of approximately $13,048,000 and $4,639,000, respectively.