

AGAPE FLIGHTS, INC.
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE PERIODS ENDING
DECEMBER 31, 2023 AND 2022

AGAPE FLIGHTS, INC.

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INDEPENDENT AUDITORS REPORT

**To the Board of Directors
Agape Flights, Inc.
Sarasota, Florida**

Opinion

We have audited the financial statements of AGAPE FLIGHTS, INC. a Not-for-Profit Organization, which comprise the statement of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AGAPE FLIGHTS, INC. as of December 31, 2023 and 2022, and the results of its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Agape Flights, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Agape Flights, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued, when applicable.

Auditor's Responsibility

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

In performing an audit in accordance with GAAS, we:

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

Sabella & Marshall CPA's

SABELLA & MARSHALL CPA'S
CERTIFIED PUBLIC ACCOUNTANTS
Sarasota, Florida
June 3, 2024

AGAPE FLIGHTS, INC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

"Read Independent Auditors Report"

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,438,882	\$ 1,447,784
Cash and cash equivalents, with donor restrictions	617,909	454,878
Accounts receivable	57,829	53,233
Inventory	140,020	133,713
Prepaid expenses	<u>109,866</u>	<u>86,262</u>
Total current assets	<u>2,364,507</u>	<u>2,175,870</u>
INVESTMENTS		
Investments - Endowment	1,641,305	1,395,594
Investments - I. Williams Fund	<u>19,619</u>	<u>19,503</u>
Total Investments	<u>1,660,924</u>	<u>1,415,097</u>
PROPERTY AND EQUIPMENT		
Buildings and components	1,261,807	1,238,207
Airplanes	1,266,414	1,244,576
Furniture and equipment	<u>537,944</u>	<u>393,335</u>
	3,066,164	2,876,119
Less: accumulated depreciation	<u>(1,251,788)</u>	<u>(1,082,119)</u>
Net Fixed Assets	<u>1,814,376</u>	<u>1,794,000</u>
TOTAL ASSETS	<u>\$ 5,839,807</u>	<u>\$ 5,384,967</u>

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

AGAPE FLIGHTS, INC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

"Read Independent Auditors Report"

	<u>2023</u>	<u>2022</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 31,921	\$ 37,011
Credit Cards Payable	40	13,492
Missionary Liability	6,655	8,740
Payroll Liability	<u>3,115</u>	<u>24,672</u>
 Total current liabilities	 <u>41,731</u>	 <u>83,915</u>
 NET ASSETS		
Net Assets without donor restrictions	4,420,031	4,086,038
Net Assets with donor restrictions	617,909	454,878
Endowment Fund	<u>760,136</u>	<u>760,136</u>
 Total net assets	 <u>5,798,076</u>	 <u>5,301,052</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 5,839,807</u></u>	 <u><u>\$ 5,384,967</u></u>

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

AGAPE FLIGHTS, INC
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

"Read Independent Auditors Report"

	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL	SUMMARIZED 2022 TOTALS
REVENUE, GAINS, AND OTHER SUPPORT				
Revenues and Support				
Donations	1,367,020	-	1,367,020	1,182,437
Cargo Donations	21,226	-	21,226	18,257
Aircraft & Hangar Funding	-	123,219	123,219	1,260,459
Relief Funds	-	8,719	8,719	76,740
Support	80,825	157,334	238,159	146,625
Non-Cash and In-Kind	121,967	-	121,967	120,154
Missionary Fees	480,181	-	480,181	406,530
Investment Return	224,228	-	224,228	(283,566)
Other	74,366	-	74,366	102,316
Total Revenues and Support	<u>2,369,813</u>	<u>289,272</u>	<u>2,659,085</u>	<u>3,029,952</u>
Net Assets released from restrictions:				
Satisfaction of program restrictions	<u>144,517</u>	<u>(141,162)</u>	<u>3,355</u>	<u>22,696</u>
Net Revenues and Support	<u>2,514,330</u>	<u>148,110</u>	<u>2,662,440</u>	<u>3,052,648</u>
EXPENSES				
Program services:	1,715,557	-	1,715,557	1,476,944
Supporting services:				
General and Administrative	248,901	-	248,901	172,878
Fundraising	<u>200,958</u>	<u>-</u>	<u>200,958</u>	<u>232,006</u>
Total supporting expenses	<u>449,859</u>	<u>-</u>	<u>449,859</u>	<u>404,884</u>
Total expenses	<u>2,165,417</u>	<u>-</u>	<u>2,165,417</u>	<u>1,881,827</u>
Change in net assets	<u>348,913</u>	<u>148,110</u>	<u>497,024</u>	<u>1,170,821</u>
Net assets, beginning of year	4,823,478	477,574	5,301,052	4,130,232
NET ASSETS, END OF YEAR	<u><u>5,172,391</u></u>	<u><u>625,684</u></u>	<u><u>5,798,076</u></u>	<u><u>5,301,052</u></u>

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

AGAPE FLIGHTS, INC
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2023 AND 2022

<u>2023</u>	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>		<u>TOTAL</u>
	Programs	Management and General	Fundraising	Total
Airplane repairs & replacement	81,384	-	-	81,384
Hangar Expansion	78	-	-	78
Bank charges	16,402	1,025	3,076	20,503
Cargo expenses	433,287	-	-	433,287
Conferences and Meetings	5,492	-	-	5,492
Development	-	-	71,783	71,783
Facilities repairs	20,783	-	-	20,783
Insurance	84,999	-	-	84,999
Information Technology	8,430	6,556	3,746	18,732
Marketing & Promotion	-	-	16,639	16,639
Missionary support	131,210	-	-	131,210
Office expenses	33,008	1,918	3,836	38,762
Salaries and Wages	498,205	166,701	81,831	746,737
Employee Benefits	91,060	30,469	14,957	136,486
Professional Fees	22,812	-	-	22,812
Occupancy Costs	26,120	2,902	-	29,022
Staff expenses	-	21,043	-	21,043
Utilities	11,875	1,319	-	13,194
Travel	22,533	-	-	22,533
In-Kind contributions	80,268	-	-	80,268
Depreciation	147,611	16,967	5,090	169,668
Total Funcational Expenses	1,715,557	248,901	200,958	2,165,417

<u>2022</u>	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>		<u>TOTAL</u>
	Programs	Management and General	Fundraising	Total
Airplane repairs & replacement	79,827	-	-	79,827
Bank charges	13,631	849	3,252	17,732
Cargo expenses	359,637	-	-	359,637
Conferences and Meetings	1,070	-	-	1,070
Development	-	-	46,743	46,743
Facilities repairs	18,423	-	-	18,423
Insurance	68,344	-	-	68,344
Information Technology	10,286	6,450	4,054	20,790
Marketing & Promotion	-	-	15,137	15,137
Missionary support	226,868	-	-	226,868
Office expenses	29,082	1,650	3,445	34,177
Salaries and Wages	347,009	118,648	134,355	600,013
Employee Benefits	70,392	20,274	21,767	112,433
Professional Fees	21,859	-	-	21,859
Occupancy Costs	26,464	2,941	-	29,405
Staff expenses	-	11,321	-	11,321
Utilities	8,855	984	-	9,839
Travel	19,423	-	-	19,423
In-Kind contributions	91,184	-	-	91,184
Depreciation	84,590	9,760	3,252	97,603
Total Funcational Expenses	1,476,944	172,878	232,006	1,881,827

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

AGAPE FLIGHTS, INC
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2023 AND 2022

"Read Independent Auditors Report"

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 497,024	\$ 1,170,820
Adjustments to reconcile increases in net assets to net cash provided by operating activities		
Depreciation	169,668	97,603
Unrealized (gains) losses on investments	(224,228)	283,566
Gain on sale of assets	-	(81,665)
Changes in:		
Prepaid expenses	(23,604)	(18,463)
Accounts receivable	(4,596)	(30,703)
Inventory	(6,307)	(19,481)
Deferred Revenue	-	4,434
Accounts payable	(5,090)	(4,047)
Other current liabilities	(37,094)	1,483
TOTAL ADJUSTMENTS	(131,251)	232,727
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>365,772</u>	<u>1,403,547</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Insurance proceeds from sale of assets	-	300,000
Endowment Investments	(21,597)	
Purchase of fixed assets	(190,046)	(939,486)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(211,643)</u>	<u>(639,486)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	154,129	764,061
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,902,662</u>	<u>1,138,601</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,056,791</u>	<u>\$ 1,902,662</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>

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

AGAPE FLIGHTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLIES

Nature of Activities

Agape Flights, Inc. ("The Organization") is a nonprofit organization established under the laws of the State of Florida. The Alliance's mission, as a Christian ministry, is to provide excellent aviation service delivering cargo, mail and humanitarian aid to missionary partners serving Christ, carrying hope to the nations of the Caribbean. The Organization operates two cargo airplanes and primarily services Haiti, the Dominican Republic and Bahamas. The Organization owns hanger facilities in Venice, Florida, which serves as its headquarters, mail depot, aircraft maintenance and storage facility. The land for the facility is leased from the City of Venice. The organizations primary revenue sources are donations received from the general public, organizations, churches and cargo fees from the missionaries it serves.

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Under Statement of Financial Accounting Standards (FSAB Accounting Standards Codification (ASC) No. 958, Financial Statements of Not-for-Profit Organizations), the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

With Donor Restrictions:

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, stipulated time has elapsed or purposes for which the resource have restricted have been fulfilled.

Without Donor Restrictions:

Net assets available for use in general operations and not subject to donor restrictions. The Board of Directors has designated, from net asset without donor restrictions, net assets for an operating reserve and board-designated endowment.

Donated Services

During the years ended December 31, 2023 and 2022, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization outside of its facilities.

AGAPE FLIGHTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLIES -
CONTINUED**

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Under SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

We record property and equipment additions over \$500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2023 and 2022.

Inventories

Inventories are stated at the lower of costs or market and consist primarily of parts for cargo plane repairs.

AGAPE FLIGHTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLIES -
CONTINUED**

Contributions

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted or permanently restricted net assets, depending on the absence or existence and nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than private foundation under Section 509(a)(2). For the year ended December 31, 2023, there was no unrelated business income.

Airplane Maintenance and Overhaul

The cost of line maintenance and other routine repairs, whether performed by the Organization or outsourced to third-party vendors, are expensed as incurred. For planned maintenance activities performed under certain established programs for regulatory compliance, the Organization expenses all maintenance costs in the period incurred. This is because maintenance activities not representing separately identifiable assets or property units in and of themselves, but rather serve to restore the assets to their original condition.

AGAPE FLIGHTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE B - NET ASSETS WITH DONOR RESTRICTIONS

The Organizations net assets with donor restrictions include the following:

Thanksgiving	\$ 7,007
Relief Fund Income	\$ 19,491
Project Income (Caring Partners)	\$ 3,007
Engine Reserve	\$ 29,339
Missionary Encouragement	\$ 59,169
Aircraft Replacement Fund	\$252,201
Facilities/Hanger	\$188,612
Hurricane Ian Relief	\$ 2,239
Mission Flight Program	\$ 57,000
Total Donor Restricted	<u>\$618,065</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or occurrence of the passage of time or other events specified by the donors were as follows:

Thanksgiving	\$ 13,867
Relief Fund Income	\$ 48,187
Missionary Encouragement	\$ 11,125
Designated Missionary Support	\$ 22,027
Aircraft Replacement Fund	\$ 21,837
Facilities/Hanger	\$ 78
Aircraft Funding	\$ 27,396
Total Donor Restricted	<u>\$ 144,517</u>

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2023:

Airplanes	\$1,266,414
Buildings	\$1,261,807
Hanger & Office Equipment	\$ 108,035
Airplane Equipment	\$ 429,908
Total Property & Equipment	\$3,066,164
Less Accumulated Depreciation	<u>(\$1,251,788)</u>
Property & Equipment, net.	<u>\$1,814,376</u>

Depreciation expense for the year ended December 31, 2022 and 2023 were \$169,668 and \$97,603, respectively.

AGAPE FLIGHTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE D – INVESTMENTS

The components of investments and December 31, 2023 as summarized below:

	Cost	Fair Value	Accumulated Unrealized Gain (Loss)
Cash & Equivalents	\$ 80,304	\$ 80,304	
Accounts Receivable	1,574	1,574	
Certificate of Deposit	225,000	223,747	(1,253)
Corporates – Fixed	220,808	181,801	(39,007)
Common Stock	676,546	1,173,498	496,952
Total Investments	<u>\$1,204,232</u>	<u>\$1,660,924</u>	<u>\$ 456,692</u>

NOTE E – IN-KIND CONTRIBUTIONS

The Organization recognizes donated services that create or enhance non-financial assets or require specialized skills and would typically need to be purchased if not provided by donations. The fair market value of these donated services has been reflected in the statements as follows:

Services	Twelve-Month period ending December 31, 2023	Twelve-Month period ending December 31, 2022
Volunteer Pilot Services	\$ 65,395	\$ 91,184
Aircraft Repairs & Maint	8,666	-
Other	6,207	-
Total In-Kind Services	<u>\$ 80,268</u>	<u>\$ 91,184</u>

NOTE F – OPERATING LEASES

The Organization leases land from the City of Venice, Florida with an expiration date of February 2039. Terms of the lease call for monthly payments that are adjusted annually based on the Consumer Price Index. A condition of the lease agreement is that the Organization will repair and/or replace the existing concrete exterior airplane parking lot on or before February 29, 2025. The Organization has not developed an estimated cost to satisfy the condition. Currently monthly lease payments are \$2,511. Future minimum payments under this lease are as follows:

2024	\$ 30,133
2025	\$ 30,133
2026	\$ 30,133
2027	\$ 30,133
2028	\$ 30,133
Thereafter	301,330
Total	<u>\$ 451,995</u>

AGAPE FLIGHTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE G - ENDOWMENTS

The Organization holds an endowment fund which is Board restricted. The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions perpetual: if (a) the original value of the gift donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in "net assets with donor restrictions perpetual" is classified as "net assets with donor restrictions time or purpose" until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation;
7. The investment policies of the Foundation.

The Foundation has adopted investment and spending policies for endowment assets that attempt to protect the principal of the fund, provide consistent long-term income returns, and protect the Organization against long-term inflation trends. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2023.

AGAPE FLIGHTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE G - ENDOWMENTS - CONTINUED

Changes in endowment net assets for the year ended December 31, 2023 were:

	Accumulated Earnings	Original Gift Amount	Total
Beginning Endowment	\$ 635,407	\$ 760,136	\$1,395,543
Investment return:			
Interest, Dividends, & Unrealized and realized Gains, net of expenses	\$ 245,762	-	\$ 245,762
Ending Endowment	<u>\$ 881,169</u>	<u>\$ 760,136</u>	<u>\$1,641,305</u>

Changes in endowment net assets for the year ended December 31, 2022 were:

	Accumulated Earnings	Original Gift Amount	Total
Beginning Endowment	\$ 901,886	\$ 760,136	\$1,662,022
Investment return:			
Interest, Dividends, & Unrealized and realized Gains, net of expenses	\$ (266,428)	-	\$ (266,428)
Ending Endowment	<u>\$ 635,458</u>	<u>\$ 760,136</u>	<u>\$1,395,594</u>

NOTE H - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at various institutions. Accounts at these financial institution are secured by the Federal Deposit Insurance Corporation (FDIC), currently up to \$250,000 per customer. The balances of these accounts at times may exceed federally insured limits. At December 31, 2023, the Organization did have accounts with two institutions that exceeded the FDIC limits by a total of \$369,813.

Investments consist primarily of financial instruments including cash, cash equivalents, equity and fixed income securities, international securities, and alternative investments. These financial instruments may subject the Foundation to concentrations of credit risk, as, from time to time, balances may exceed amounts insured by the FDIC or the Securities Investor Protection Corporation (SIPC), the market value of securities are dependent on the ability of the issuer to honor its contractual commitments, and/or the investments are subject to changes in market values.

AGAPE FLIGHTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE I - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Generally accepted accounting principles in the United States of America establishes a hierarchy for which assets and liabilities must be grouped, based on significant levels of inputs (assumptions that market participants would use in pricing an asset or liability) as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable.

Level 3: Significant inputs to the valuation model are unobservable.

The following assets are required to be measured at fair market value on a recurring basis and the classification within the hierarchy as of December 31, 2023 and 2022, is as follows:

	Balance as of December 31, 2023	Level 1	Level 2	Level 3
Endowment Fund	\$ 1,641,305	\$ 1,641,305		
I Williams Fund	\$ 19,619	\$ 19,619	-	-
Fair Value of Assets	<u>\$ 1,660,924</u>	<u>\$ 1,660,924</u>	-	-

	Balance as of December 31, 2022	Level 1	Level 2	Level 3
Endowment Fund	\$ 1,395,594	\$ 1,395,594		
I Williams Fund	\$ 19,503	\$ 19,503	-	-
Fair Value of Assets	<u>\$ 1,415,097</u>	<u>\$ 1,415,097</u>	-	-

NOTE J - DEFINED CONTRIBUTION PENSION PLAN

The Organization provides a contributory 403(b) and/or Roth IRA retirement plan for its employees. Employees are eligible to contribute to the plan beginning on their hire date. The Organization will match employee contributions to the plan up to 3% of the employee's compensation. Retirement expenses for December 31, 2023 and 2022 were \$13,088 and 21,556, respectively.

AGAPE FLIGHTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE K - LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's financial assets that are available within one year of December 31, 2023 and 2022, are as follows:

	2023	2022
Cash and cash equivalents	\$ 2,056,791	\$ 1,902,702
Accounts receivable, net	52,779	53,233
Investments	<u>1,660,924</u>	<u>1,415,097</u>
Totals financial assets	<u>\$ 3,370,494</u>	<u>\$ 3,371,032</u>
Less:		
Board Restricted Funds	\$ (760,136)	\$ (760,136)
Donor Restrictions	<u>(618,065)</u>	<u>(454,878)</u>
	<u>\$ (1,378,201)</u>	<u>\$ (1,215,014)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,992,293</u>	<u>\$ 2,156,018</u>

Based on the financial assets available to meet cash needs as of year-end, compared to the daily cash requirements, the Organization has sufficient funds to meet the cash needs for 336 days of operating expenses. The Organization's endowment investment policy employs the following principals: preservation of capital, risk aversion, adherence to investment discipline, and maintenance of sufficient liquidity to meet its cash needs.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 3, 2024, the date on which the financial statements were available to be issued.

AGAPE FLIGHTS, INC.
SCHEDULE OF AUDITOR
ENDED DECEMBER 31, 2023 AND 2022

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