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Messenger International®

MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

Consolidated Financial Statements
With Independent Auditor's Report

December 31, 2025 and 2024

MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Messenger International, Inc.
and Subsidiary
Palmer Lake, Colorado

Opinion

We have audited the accompanying consolidated financial statements of Messenger International, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Messenger International, Inc. and Subsidiary as of December 31, 2025 and 2024, 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 Messenger International, Inc. 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 Messenger International, Inc. 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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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 Messenger International, Inc. 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 Messenger International, Inc. 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

Colorado Springs, Colorado
March 26, 2026

MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

	December 31, 2025	December 31, 2024
ASSETS:		
Cash and cash equivalents	$ 839,495	$ 874,443
Investments	887,977	1,440,671
Accounts receivable (net of allowance of $36,599 and $25,375, respectively)	74,852	136,027
Inventory, net	141,902	181,577
Prepaid expenses and other assets	147,615	109,691
Assets held for deferred compensation	853,739	758,520
Content production costs, net	3,635,871	3,698,859
Property and equipment, net	3,668,419	3,836,519
Total Assets	$ 10,249,870	$ 11,036,307
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$ 70,459	$ 49,107
Accrued expenses and other liabilities	454,752	308,551
Royalty advances	323,169	148,333
Deferred compensation liability	853,739	758,520
Total liabilities	1,702,119	1,264,511
Net assets:		
Without donor restrictions	7,202,647	8,256,858
With donor restrictions	1,345,104	1,514,938
Total net assets	8,547,751	9,771,796
Total Liabilities and Net Assets	$ 10,249,870	$ 11,036,307

See notes to consolidated financial statements

MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

Consolidated Statements of Activities

	Year Ended December 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	$ 3,781,567	$ 11,504	$ 3,793,071	$ 4,263,006	$ 606,202	$ 4,869,208
Ministry resource sales, net of discounts and refunds	734,359	-	734,359	933,888	-	933,888
Honorariums	346,886	-	346,886	341,874	-	341,874
Special events:						
Contributions	5,298,897	-	5,298,897	4,868,035	-	4,868,035
Event registration	1,239,877	-	1,239,877	1,263,234	-	1,263,234
Cost of direct benefits to donors	(985,810)	-	(985,810)	(990,851)	-	(990,851)
Net special events income	5,552,964	-	5,552,964	5,140,418	-	5,140,418
Royalty income	488,200	-	488,200	193,086	-	193,086
Advertising income	381,874	-	381,874	33,852	-	33,852
Other income	124,934	-	124,934	263,853	-	263,853
Total Support and Revenue	11,410,784	11,504	11,422,288	11,169,977	606,202	11,776,179
NET ASSETS RELEASED:						
Purpose restrictions	181,338	(181,338)	-	822,144	(822,144)	-

(continued)

See notes to consolidated financial statements

MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

Consolidated Statements of Activities
(continued)

	Year Ended December 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services	10,475,694	-	10,475,694	10,788,522	-	10,788,522
Support activities:						
General and administrative	1,276,865	-	1,276,865	1,374,590	-	1,374,590
Fundraising	893,774	-	893,774	880,430	-	880,430
	2,170,639	-	2,170,639	2,255,020	-	2,255,020
Total Expenses	12,646,333	-	12,646,333	13,043,542	-	13,043,542
Change in Net Assets	(1,054,211)	(169,834)	(1,224,045)	(1,051,421)	(215,942)	(1,267,363)
Net Assets, Beginning of Year	8,256,858	1,514,938	9,771,796	9,308,279	1,730,880	11,039,159
Net Assets, End of Year	$ 7,202,647	$ 1,345,104	$ 8,547,751	$ 8,256,858	$ 1,514,938	$ 9,771,796

See notes to consolidated financial statements

MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2025

		Supporting Activities:			
	Program Services	General and Administrative	Fundraising	Cost of Direct Benefits to Donors	Total
Salaries and benefits	$ 3,182,056	$ 510,421	$ 423,788	$ -	$ 4,116,265
Ministry resource translation expenses	2,675,448	-	-	-	2,675,448
Depreciation and amortization	1,681,696	278,223	-	-	1,959,919
Office and occupancy	871,387	129,931	107,878	-	1,109,196
Professional fees	579,101	151,303	73,500	-	803,904
Conferences and events	316,545	27,456	220,690	-	564,691
Bank fees and other expense	270,417	141,105	36,014	-	447,536
Cost of goods sold	347,317	-	-	-	347,317
Grants to other organizations	312,175	-	-	-	312,175
Travel and transportation	239,552	38,426	31,904	-	309,882
	10,475,694	1,276,865	893,774	-	12,646,333
Special event expenses	-	-	-	985,810	985,810
	$ 10,475,694	$ 1,276,865	$ 893,774	$ 985,810	$ 13,632,143

See notes to consolidated financial statements

MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services	Supporting Activities: General and Administrative	Supporting Activities: Fundraising	Supporting Activities: Cost of Direct Benefits to Donors	Total
Salaries and benefits	$ 3,078,955	$ 587,299	$ 446,535	$ -	$ 4,112,789
Ministry resource translation expenses	3,385,815	-	-	-	3,385,815
Depreciation and amortization	1,391,891	185,803	-	-	1,577,694
Office and occupancy	776,062	124,462	94,631	-	995,155
Professional fees	320,911	294,070	79,848	-	694,829
Conferences and events	548,416	66,639	206,807	-	821,862
Bank fees and other expense	247,881	94,407	35,950	-	378,238
Cost of goods sold	464,419	-	-	-	464,419
Grants to other organizations	459,306	-	-	-	459,306
Travel and transportation	114,866	21,910	16,659	-	153,435
	10,788,522	1,374,590	880,430	-	13,043,542
Special event expenses	-	-	-	990,851	990,851
	$ 10,788,522	$ 1,374,590	$ 880,430	$ 990,851	$ 14,034,393

See notes to consolidated financial statements

MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended December 31, 2025	Year Ended December 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,224,045)	$ (1,267,363)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,959,919	1,577,694
Gain on investments	(13,795)	(22,756)
Dividends reinvested	(33,511)	(59,737)
Change in operating assets and liabilities:		
Accounts receivable	61,175	(36,065)
Prepaid expenses and other assets	(37,924)	-
Inventory	39,675	20,797
Accounts payable	(47,579)	(136,663)
Accrued expenses and other liabilities	146,201	(5,395)
Royalty advances	174,836	148,333
Net Cash Provided by Operating Activities	1,024,952	218,845
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	-	(558,250)
Proceeds from sale of investments	600,000	1,400,000
Purchases of property and equipment	(180,023)	(314,367)
Purchases of content production costs	(1,479,877)	(1,467,574)
Net Cash Used by Investing Activities	(1,059,900)	(940,191)
Change in Cash and Cash Equivalents	(34,948)	(721,346)
Cash and Cash Equivalents, Beginning of Year	874,443	1,595,789
Cash and Cash Equivalents, End of Year	$ 839,495	$ 874,443
SUPPLEMENTAL DISCLOSURE AND NON-CASH ITEMS:		
Right-of-use assets obtained in exchange for operating lease obligations	$ 99,280	$ 13,645
Change in deferred compensation assets and liabilities	$ 95,219	$ 104,051
Content production costs acquired with accounts payable	$ 131,881	$ -
Property and equipment acquired with accounts payable	$ 16,325	$ 79,275

See notes to consolidated financial statements

MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

1. NATURE OF ORGANIZATION:

Messenger International, Inc. is a not-for-profit organization that exists to develop uncompromising followers of Christ who transform the world.

Billions of people across the globe still do not have access to discipleship resources in their own language. As a result, people are living and dying without hearing the Good News, and even those who do hear the Gospel often find themselves without resources that help them connect the dots and grow spiritually.

That is why we have made it our mission to use multiple mediums to provide discipleship resources to every person-regardless of where they live, what language they speak, or what their financial position looks like. To this end, we now have discipleship resources in over 100 languages and 200 nations. All of these materials can be accessed, at no cost, through MessengerX.com.

We believe that when people discover and personalize the Good News, they will become Messengers in their own right, sharing God's story of redemption and reconciliation through their everyday lives and reaching whatever world God has placed them in.

"Go there and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, teaching them to observe all that I have commanded you." Matthew 28:19-20 ESV

Messenger International, Inc. has been granted a tax exemption under section 501(c)(3) of the Internal Revenue Code and comparable state law. Messenger International, Inc. is not a private foundation under section 509(a) of the Internal Revenue Code.

The accompanying consolidated financial statements include the accounts of Messenger International, Inc. and Messenger Air, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Messenger International, Inc. owns 100% of Messenger Air, LLC. Throughout the consolidated financial statements, these two entities are collectively referred to as Messenger International, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Messenger International, Inc. 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 period. Actual results could differ from the estimates. Estimates that are particularly susceptible to significant change in the near term are related to the fair value of investments, allowance for uncollectible accounts receivable, allowance for slow moving or obsolete inventory, depreciation of property and equipment, and allocation of expenses on a functional basis. 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 consist of checking, savings, and money market accounts. Cash awaiting reinvestment is included within investments as part of Messenger International, Inc.'s overall investment portfolio strategy. As of December 31, 2025 and 2024, Messenger International, Inc. has cash and cash equivalents on deposit with financial institutions that exceed the federally insured balance by approximately $262,000 and $361,000, respectively.

INVESTMENTS
Investments consist of money markets accounts and mutual funds held at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in program income and other on the consolidated statements of activities as without donor restrictions unless a donor has restricted their purpose. Donated securities are recorded at fair value at the date of the donation and thereafter carried in conformity with the stated policy.

ACCOUNTS RECEIVABLE, PREPAID EXPENSES, AND OTHER ASSETS
Accounts receivable, prepaid expenses, and other assets are stated at the amount billed to customers or amounts unconditionally pledged by donors. Messenger International, Inc. records an allowance for credit losses, which is based on a review of outstanding receivables, historical collection information, and both existing and future economic conditions. The allowance for credit losses as of December 31, 2025 and 2024, was $36,599 and $25,375, respectively. Accounts receivable are ordinarily due 30, 60, or 90 days after the issuance of the invoice. For accounts that are unpaid after the due date, Messenger International, Inc. has the option to charge interest at 1% per month. Accounts receivable past due for more than 120 days are considered delinquent. Interest continues to accrue on delinquent accounts until the account is past due more than one year, at which time interest accrual ceases and does not resume until the account is no longer classified as delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. Other assets also consist of prepaid expenses and operating lease right-of-use assets of $72,672 and $10,366 as of December 31, 2025 and 2024, respectively. Remaining disclosures are omitted due to immateriality.

INVENTORY, NET
Inventory consists of books, curriculums, and other media applications. Inventory is stated at the lower of cost or net realizable value, using the average cost method (this method approximates the first-in, first-out methodology), or, if donated, at fair value at the date of the gift. Inventory is shown net of a reserve for slow moving inventory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

DEFERRED COMPENSATION ASSETS AND LIABILITIES

Deferred compensation assets consist of the cash surrender value of life insurance policies. The value of this asset is based on Messenger International, Inc.'s share of the cash surrender value of the respective life insurance policies as represented by the insurance company. These assets are to fund the deferred compensation liability, which is payable to certain employees of Messenger International, Inc. under a non-qualified deferred compensation plan.

CONTENT PRODUCTION COSTS, NET

Content production costs consist of costs incurred to produce books written and subsequently sold by Messenger International, Inc. as well costs incurred for the MessengerX app. Content production costs are expensed until feasibility is determined and then capitalized through the completion of the project. Content production costs are amortized over the estimated period during which the related income is expected to be earned (2-5 years). Accumulated amortization as of December 31, 2025 and 2024, totaled $6,243,621 and $4,561,925, respectively. Total amortization expense for the years ended December 31, 2025 and 2024, was $1,681,696 and $1,357,955, respectively.

PROPERTY AND EQUIPMENT, NET

Property and equipment are capitalized at cost or, if donated, at fair value at the date of the gift. Depreciation, excluding land, is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 39 years. Purchases of long-lived assets in excess of $2,000 with a useful life in excess of one year are capitalized, and lesser amounts are charged to expense as incurred.

Buildings and improvements	3-39 years
Furniture and equipment	3-5 years
Software	3-5 years

NET ASSETS

The consolidated financial statements report amounts by class of net assets as follows:

Net assets without donor restrictions are those currently available to support Messenger International, Inc.'s operations and those resources invested in property and equipment.

Net assets with donor restrictions are comprised of donor-restricted contributions for the support of Messenger International, Inc. projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated 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. Donated materials, professional services, and other noncash gifts are recorded at their estimated fair value at the date of donation. During the years ended December 31, 2025 and 2024, there were no contributed nonfinancial assets.

Ministry resource sales consist of sales of books, curriculum, and other resources sold by Messenger International, Inc., and are recorded at a point in time when earned which is when the resource is shipped to the customer. Any amounts received prior to shipment of the resource are recorded as performance obligation liabilities. Ministry resource sales are presented net of refunds and discounts of $176,207 and $326,171 for the years ended December 31, 2025 and 2024, respectively. Honorariums are received for speaking done by staff members, and are recorded as revenue at a point in time once the speaking engagement has occurred. Royalty income consists of royalties received from ministry resource sales and is recognized when earned. Advertising income consists of podcast revenue from online advertisements and sponsorships. Accounts receivable totaled $74,852, $136,027, and $146,534 as of December 31, 2025, 2024, and 2023, respectively. Performance obligation liabilities, recorded as a component of royalty advances, totaled $323,169, $148,333, and $0 as of December 31, 2025, 2024, and 2023, respectively.

Other income consists mainly of returns on investments and is recognized when earned.

Messenger International, Inc. has revenue from a special event in which registration fees are earned and contributions are received. Registration fee payments are collected prior to the event and are initially recorded as performance obligation liabilities. The revenue is recognized upon the fulfillment of the performance obligation, when the special event occurs. Contributions are recorded when made, when cash or other assets are received or when unconditionally promised. Messenger International, Inc. earned approximately $6,539,000 and $6,131,000 of special event revenue during the years ended December 31, 2025 and 2024, respectively. This amount is reduced by the costs of direct benefits to donors of approximately $986,000 and $991,000, respectively on the consolidated statements of activities.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are recorded when incurred. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Messenger International, Inc. The expenses that are allocated include depreciation and amortization, office, and occupancy which are allocated based on usage of property and equipment. Costs of other categories are allocated on estimates of time and effort.

MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

JOINT COSTS
Messenger International, Inc. hosts events and other informational activities throughout the year that result in joint costs. Joint costs are incurred when requests for contributions and program service activities are conducted simultaneously. Management and general functions may also concurrently occur. Total joint costs are:

	Year Ended December 31,	
	2025	2024
Program services	$ 216,432	$ 542,188
General and administrative	27,043	31,893
Fundraising	27,043	63,787
	$ 270,518	$ 637,868

ADVERTISING COSTS
Messenger International, Inc. reports advertising expenses when incurred. Advertising expenses totaled $426,794 and $530,451 during the years ended December 31, 2025 and 2024, respectively.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Messenger International, Inc.'s financial assets, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when held for others, illiquid or not convertible to cash within one year.

	December 31, 2025	December 31, 2024
Financial assets:		
Cash and cash equivalents	$ 839,495	$ 874,443
Investments	887,977	1,440,671
Accounts receivable, net	74,852	136,027
Assets held for deferred compensation	853,739	758,520
Financial assets, at year-end	2,656,063	3,209,661
Financial assets not available to be used for general expenditures in one year:		
Net assets with donor restrictions to be expended greater than one year	(1,000,000)	(430,000)
Assets held for deferred compensation	(853,739)	(758,520)
Financial assets available to meet cash needs for general expenditures within one year	$ 802,324	$ 2,021,141

Messenger International, Inc. structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through monthly reviews and leadership team meetings. Messenger International, Inc. has donor-restricted net assets of $345,104 and $1,084,938 that are available for projects within one year of December 31, 2025 and 2024, respectively.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1–Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2–Significant other observable inputs other than Level 1 prices, such as:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at December 31, 2025 and 2024.

Mutual funds and equities are based on quoted market prices.

Fair values of assets measured on a recurring basis at December 31, 2025, are as follows:

		Fair Value Measurements Using:		
	Total	Level 1	Level 2	Level 3
Assets				
Investments:				
Mutual funds	$ 770,008	$ 770,008	$ -	$ -
Equities	87,986	87,986	-	-
Total investments subject to fair value	857,994	$ 857,994	$ -	$ -
Reconciling items held at cost				
Non-operating cash	29,983			
Total investments	$ 887,977			

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

Fair values of assets measured on a recurring basis at December 31, 2024, are as follows:

		Fair Value Measurements Using:		
	Total	Level 1	Level 2	Level 3
Assets				
Investments:				
Mutual funds	$ 1,406,492	$ 1,406,492	$ -	$ -
Total investments subject to fair value	1,406,492	$ 1,406,492	$ -	$ -
Reconciling items held at cost				
Non-operating cash	34,179			
Total investments	$ 1,440,671			

5. ACCOUNTS RECEIVABLE, NET:

Accounts receivable, net consist of:

	December 31, 2025	December 31, 2024
Accounts receivable	$ 111,451	$ 161,402
Allowance for credit losses	(36,599)	(25,375)
	$ 74,852	$ 136,027

6. INVENTORY, NET:

Inventory, net consists of:

	December 31, 2025	December 31, 2024
Books and workbooks	$ 193,213	$ 243,800
Electronic media	27,505	19,444
Miscellaneous	24,756	14,851
	245,474	278,095
Less allowance for slow moving inventory	(103,572)	(96,518)
	$ 141,902	$ 181,577

7. PROPERTY AND EQUIPMENT, NET:

Property and equipment, net consists of:

	December 31, 2025	December 31, 2024
Land	$ 246,710	$ 246,710
Buildings and improvements	4,443,360	4,409,760
Furniture and equipment	861,826	815,537
Software	30,234	-
	5,582,130	5,472,007
Less accumulated depreciation and amortization	(1,913,711)	(1,635,488)
	$ 3,668,419	$ 3,836,519

Depreciation expense for the years ended December 31, 2025 and 2024 was $278,223 and $219,739, respectively.

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31, 2025	December 31, 2024
Travel funds	$ 605,546	$ 697,909
Books for the world	555,469	607,794
Awe of God tour	162,863	175,303
Rescue (formerly Pearl Alliance)	11,226	19,517
Special designation	10,000	14,415
	$ 1,345,104	$ 1,514,938

9. GROSS MARGIN ON MINISTRY RESOURCE SALES:

Gross margin on ministry resource sales consist of:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Ministry resource sales, net of discounts and refunds	$ 734,359	$ 933,888
Cost of ministry resources	(347,317)	(459,306)
Gross margin	$ 387,042	$ 474,582

Cost of ministry resources represents the actual cost incurred for product and materials recorded as ministry resource sales when sold to constituents. Ministry resource distribution expenses are costs incurred related to goods and services in developing and distributing life-transforming messages.

10. RELATED PARTY TRANSACTIONS:

During the years ended December 31, 2025 and 2024, members of the board contributed approximately $352,000 and $866,000, respectively, to Messenger International, Inc. which makes up approximately 3% and 7%, respectively, of total support and revenue.

Messenger International, Inc. paid consultant fees to two individuals who are related to the CEO and other members of the executive team. Total payments to these individuals were $42,550 and $61,749 in the years ending December 31, 2025 and 2024, respectively.

11. RETIREMENT PLAN:

Messenger International, Inc. sponsors a 401(k) profit sharing plan (the Plan) covering all employees who have completed one year of service (1,000 hours) and are at least 21 years of age. Messenger International Inc. provides a contribution of 3% of compensation for each eligible employee in the Plan. Messenger International, Inc. may also elect to make a profit-sharing contribution, at the discretion of the board of directors. Participant interest is fully vested after six years of employment on the elective profit sharing contribution and immediately vested on all other contributions. Total contributions to the Plan were $87,392 and $89,667 for the years ended December 31, 2025 and 2024, respectively.

12. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, March 26, 2026, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.