



Speaking Hope to the World®

TRANS WORLD RADIO and
TRANS WORLD RADIO PACIFIC

Combined Financial Statements
With Independent Auditors' Report

September 30, 2022 and 2021

**TRANS WORLD RADIO
AND
TRANS WORLD RADIO PACIFIC**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Trans World Radio and Trans World Radio Pacific
Cary, North Carolina

Opinion

We have audited the accompanying combined financial statements of Trans World Radio and Trans World Radio Pacific (a nonprofit organization), which comprise the combined statements of financial position as of September 30, 2022 and 2021, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Trans World Radio and Trans World Radio Pacific as of September 30, 2022 and 2021, 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 *Auditors' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are required to be independent of Trans World Radio and Trans World Radio Pacific 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.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Trans World Radio and Trans World Radio Pacific's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Board of Directors
Trans World Radio and Trans World Radio Pacific
Cary, North Carolina

Auditors' Responsibility for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 combined 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 combined 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 combined 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 Trans World Radio and Trans World Radio Pacific'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Trans World Radio and Trans World Radio Pacific'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 LLP

Lawrenceville, Georgia
May 10, 2023

**TRANS WORLD RADIO
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Combined Statements of Financial Position

	September 30,	
	2022	2021
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 20,190,173	\$ 18,464,893
Receivables–net (Note 4)	1,958,461	2,000,013
Prepaid expenses and other current assets (Note 5)	1,428,646	1,133,669
Investments (Note 6)	8,740,072	10,485,260
	32,317,352	32,083,835
Long-term investments and other assets (Note 7)	430,978	733,430
Trust assets (Note 10)	2,617,380	3,707,201
Land, buildings, and equipment, at cost–net (Note 8)	14,741,055	15,092,651
Perpetual trust held by others and endowment (Note 2)	4,685,045	5,702,652
	\$ 54,791,810	\$ 57,319,769
Total Assets	\$ 54,791,810	\$ 57,319,769
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Trade payables	\$ 2,645,729	\$ 2,058,688
Accrued expenses	1,033,611	1,118,727
Current portion of:		
Annuities payable (Note 9)	820,669	805,178
Trust obligations (Note 10)	178,335	207,282
Employee benefit obligations (Note 14)	551,089	554,713
	5,229,433	4,744,588
Long-term liabilities:		
Annuities payable (Note 9)	5,527,319	3,847,744
Trust obligations (Note 10)	1,684,571	2,476,120
Employee benefit obligations (Note 14)	3,287,838	3,434,214
	15,729,161	14,502,666
Total liabilities	15,729,161	14,502,666

(continued)

See notes to combined financial statements

**TRANS WORLD RADIO
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Combined Statements of Financial Position
(continued)

	September 30,	
	2022	2021
LIABILITIES AND NET ASSETS, continued:		
Net assets (Note 11):		
Without donor restrictions:		
Undesignated	3,164,972	7,701,734
Designated	3,715,936	5,253,704
Equity in land, buildings, and equipment	14,741,055	15,092,651
	21,621,963	28,048,089
With donor restrictions:		
Restricted for purpose or time:		
Specified purpose	12,001,167	8,042,563
Life income	754,474	1,023,799
Restricted in perpetuity:		
Perpetual trust and endowment	4,685,045	5,702,652
	17,440,686	14,769,014
Total net assets	39,062,649	42,817,103
Total Liabilities and Net Assets	\$ 54,791,810	\$ 57,319,769

See notes to combined financial statements

**TRANS WORLD RADIO
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Combined Statements of Activities

Year Ended September 30,

	2022				2021			
	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total
SUPPORT AND REVENUE:								
Support:								
Missionary support	\$ 5,880,833	\$ 1,052,680	\$ -	\$ 6,933,513	\$ 5,479,845	\$ 1,377,319	\$ -	\$ 6,857,164
General	6,670,949	9,368,775	-	16,039,724	5,657,375	8,610,794	-	14,268,169
Legacies and bequests	1,027,381	-	-	1,027,381	1,383,730	-	-	1,383,730
Contributed services	1,573,544	-	-	1,573,544	1,969,791	-	-	1,969,791
Gift portion of new split interest agreements	496,932	-	-	496,932	687,727	-	-	687,727
	<u>15,649,639</u>	<u>10,421,455</u>	<u>-</u>	<u>26,071,094</u>	<u>15,178,468</u>	<u>9,988,113</u>	<u>-</u>	<u>25,166,581</u>
Revenue:								
Media services	16,304,480	-	-	16,304,480	15,907,716	-	-	15,907,716
Investments (Note 6)	10,558	961	(1,017,607)	(1,006,088)	452,910	914	945,734	1,399,558
Change in value of split interest agreements (Note 10)	(3,608,082)	141,777	-	(3,466,305)	1,392,670	132,701	-	1,525,371
Other	457,558	-	-	457,558	2,243,202	-	-	2,243,202
	<u>13,164,514</u>	<u>142,738</u>	<u>(1,017,607)</u>	<u>12,289,645</u>	<u>19,996,498</u>	<u>133,615</u>	<u>945,734</u>	<u>21,075,847</u>
Total Support and Revenue	<u>28,814,153</u>	<u>10,564,193</u>	<u>(1,017,607)</u>	<u>38,360,739</u>	<u>35,174,966</u>	<u>10,121,728</u>	<u>945,734</u>	<u>46,242,428</u>
RECLASSIFICATIONS:								
Net assets released from restriction:								
Satisfaction of purpose restrictions	6,874,914	(6,874,914)	-	-	9,936,023	(9,936,023)	-	-

(continued)

See notes to combined financial statements

**TRANS WORLD RADIO
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Combined Statements of Activities
(continued)

	Year Ended September 30,							
	2022				2021			
	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total	Without Donor Restrictions	With Donor Restrictions – Purpose/Time	With Donor Restrictions – in Perpetuity	Total
EXPENSES:								
Program services:								
Media services	32,863,578	-	-	32,863,578	30,531,953	-	-	30,531,953
Missions awareness	2,194,626	-	-	2,194,626	2,052,655	-	-	2,052,655
	<u>35,058,204</u>	<u>-</u>	<u>-</u>	<u>35,058,204</u>	<u>32,584,608</u>	<u>-</u>	<u>-</u>	<u>32,584,608</u>
Supporting activities:								
Management and general	2,360,093	-	-	2,360,093	2,311,870	-	-	2,311,870
Fundraising	3,760,981	-	-	3,760,981	3,490,933	-	-	3,490,933
	<u>6,121,074</u>	<u>-</u>	<u>-</u>	<u>6,121,074</u>	<u>5,802,803</u>	<u>-</u>	<u>-</u>	<u>5,802,803</u>
Total Expenses	<u>41,179,278</u>	<u>-</u>	<u>-</u>	<u>41,179,278</u>	<u>38,387,411</u>	<u>-</u>	<u>-</u>	<u>38,387,411</u>
Change in Net Assets before Translation Adjustment	(5,490,211)	3,689,279	(1,017,607)	(2,818,539)	6,723,578	185,705	945,734	7,855,017
Translation Adjustment	(935,915)	-	-	(935,915)	214,190	-	-	214,190
Change in Net Assets	(6,426,126)	3,689,279	(1,017,607)	(3,754,454)	6,937,768	185,705	945,734	8,069,207
Net Assets, Beginning of Year	28,048,089	9,066,362	5,702,652	42,817,103	21,110,321	8,880,657	4,756,918	34,747,896
Net Assets, End of Year	<u>\$ 21,621,963</u>	<u>\$ 12,755,641</u>	<u>\$ 4,685,045</u>	<u>\$ 39,062,649</u>	<u>\$ 28,048,089</u>	<u>\$ 9,066,362</u>	<u>\$ 5,702,652</u>	<u>\$ 42,817,103</u>

See notes to combined financial statements

**TRANS WORLD RADIO
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Combined Statements of Cash Flows

	Year Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (3,754,454)	\$ 8,069,207
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,023,593	1,223,330
Unrealized/realized loss (gain) on investments	2,107,428	(945,734)
Gain on sale of land, buildings, and equipment	(17,137)	(201,697)
Change in value of charitable trusts	(141,777)	(132,701)
Gain on extinguishment of debt	-	(1,584,200)
Actuarial change in charitable gift annuities	1,302,929	(236,763)
Maturities of charitable gift annuities	(353,049)	(520,450)
Payments on charitable gift annuities	643,072	665,142
Changes in operating assets and liabilities:		
Receivables	41,552	1,068,214
Prepaid expenses and other current assets	(294,977)	47,728
Trade payables	587,041	157,684
Accrued expenses	(85,116)	69,349
Employee benefit obligations	(150,000)	(284,608)
Net Cash Provided by Operating Activities	909,105	7,394,501
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of land, buildings, and equipment	(1,828,860)	(685,447)
Change in long-term investments and other assets	302,452	209,932
Proceeds from sale of land, buildings, and equipment	15,007	10,472
Change in land, buildings, and equipment due to currency translation	1,158,993	(370,942)
Proceeds from sales of investments	4,342,025	3,760,273
Acquisitions of investments	(2,469,287)	(6,032,084)
Net Cash Provided (Used) by Investing Activities	1,520,330	(3,107,796)

(continued)

See notes to combined financial statements

**TRANS WORLD RADIO
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Combined Statements of Cash Flows
(continued)

	Year Ended September 30,	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from new annuities and trusts	1,318,540	1,512,712
Gift portion of new charitable gift annuities	(496,932)	(687,727)
Payments on annuities and trusts	(855,984)	(872,299)
Investment (loss) income from charitable trusts	(669,779)	517,579
Net Cash Provided (Used) by Financing Activities	<u>(704,155)</u>	<u>470,265</u>
Net Change in Cash and Cash Equivalents	1,725,280	4,756,970
Cash and Cash Equivalents, Beginning of Year	<u>18,464,893</u>	<u>13,707,923</u>
Cash and Cash Equivalents, End of Year	<u>\$ 20,190,173</u>	<u>\$ 18,464,893</u>

See notes to combined financial statements

**TRANS WORLD RADIO
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Notes to Combined Financial Statements

September 30, 2022 and 2021

1. NATURE OF ORGANIZATION:

Trans World Radio and Trans World Radio Pacific are collectively known as Trans World Radio (TWR), which is an independent evangelical association of churches. TWR is exempt from state and federal income taxes under Sections 501(c)(3) and 170(b)(1)(A)(i) of the U.S. Internal Revenue Code and is classified as an entity that is not a private foundation. Contributions by the public may be deductible for income tax purposes.

The primary focus of TWR is to reach the world for Christ by mass media so that lasting fruit is produced. TWR also eagerly supports the work of evangelism and Christian nurturing in countries where church activity is permissible, working in harmony with Christian missionaries and evangelical churches worldwide. TWR accomplishes this goal through program services described below:

Media Services—At TWR, we engage millions of people in 190 countries in more than 300 languages and dialects. The ministry encompasses a global network of partnerships, high-powered radio broadcasts, online streaming, portable media devices, satellite delivery, printed publications, and various digital platforms.

Missions Awareness—The costs of *TWR* magazine and other publications and activities are used to raise public awareness of God’s work through global missions.

In its endeavor to fulfill its religious, educational, and evangelistic objectives, TWR works with thousands of churches and hundreds of cooperating media ministries. In addition, independent groups, known as national partners, have been formed legally in numerous countries for the express purpose of working with TWR in program production and distribution, training, transmission of broadcasts, and listener follow-up.

TWR is organizationally structured to reflect its fraternal relationship with the national partners, cooperating program producers, and supporting churches. In some cases, interlocking board relationships exist between TWR and its national partners and cooperating program producers. The primary sources of funding for TWR are donations and airtime sponsorship from individuals, churches, national partners, and cooperating media ministries.

Incorporation:

	<u>Trans World Radio</u>	<u>Trans World Radio Pacific</u>
State:	New Jersey	North Carolina
Date:	February 16, 1960	May 2, 1952

Location of international headquarters:

300 Gregson Drive
Cary, North Carolina 27511

**TRANS WORLD RADIO
AND
TRANS WORLD RADIO PACIFIC**

Notes to Combined Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

TWR maintains its accounts and prepares its combined financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the combined financial statements to the reader.

PRINCIPLES OF COMBINATION

These combined financial statements include Trans World Radio and Trans World Radio Pacific. These two organizations share management and headquarters facilities. Trans World Radio Pacific owns and operates the broadcasting facilities in Guam. All significant intercompany transactions and balances have been eliminated from these combined financial statements. International entities controlled by TWR are likewise included in the combined financial statements.

TWR is also affiliated with organizations in over 70 countries which are not under TWR's control. The financial position and results of operations of these entities are not combined nor presented in these combined financial statements.

USE OF ESTIMATES

The preparation of combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand; checking, savings, and money market accounts; and certificates of deposit with original maturities of three months or less. The amounts held at the bank may, at times, exceed federally insured deposit levels. TWR has not experienced any losses in such accounts. At September 30, 2022 and 2021, TWR's cash balances exceeded federally insured limits by \$16,631,791 and \$14,379,844, respectively.

RECEIVABLES—NET

Accounts receivable are reported net of any anticipated losses due to uncollectible accounts. TWR's policy for determining when receivables are past due or delinquent is 30 days after invoicing. Uncollectible accounts are reported as additions to the allowance for bad debts when it is determined the amounts are uncollectible.

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Notes to Combined Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECEIVABLES–NET, continued

The allowance for doubtful accounts is maintained at a level which, in management’s judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management’s evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions.

PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses, including recoverable investments in unowned broadcast facilities and spare parts inventory, are recognized as expense when placed in service or used in operations.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Interest and dividend income and the realized and unrealized gain or loss on investments is reported as investment revenue (loss) without donor restrictions in the accompanying combined statements of activities unless a donor or law restricts its use. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is adequately diversified among many issuers.

LAND, BUILDINGS, EQUIPMENT, AND DEPRECIATION

Items capitalized as land, buildings, and equipment are recorded at cost. Donated assets are recorded at fair value on the date of gift. Purchases of land, buildings, and equipment valued at \$5,000 or more and expenses for capital improvements valued at \$15,000 or more are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Cost and accumulated depreciation applicable to assets retired or disposed of are eliminated from the accounts, and any resulting gains or losses are included in other revenue in the accompanying combined statements of activities. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years.

TWR accounts for land, buildings, and equipment in foreign locations in accordance with the functional currency provisions of the *Foreign Currency Matters* topic of the FASB ASC. This has resulted in a translation adjustment gain (loss) of (\$1,158,993) and \$370,942 for the years ended September 30, 2022 and 2021, respectively, to land, buildings, and equipment with functional currencies that differ from the reporting currency.

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Notes to Combined Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PERPETUAL TRUST HELD BY OTHERS

Perpetual trust held by others consists of a one-eighth beneficial interest. The trust assets consist of cash and cash equivalents and marketable securities. The trust assets are carried at fair value as of the date of the combined financial statements. When possible, the fair value of investments held as trustee or agent are determined by reference to quoted market prices. When quoted market prices are not available, fair value is estimated by reference to market values for similar securities or by discounting cash flows at an appropriate risk rate, taking into consideration the varying degrees of risk specific to each financial asset. Interest earned of \$281,528 and \$220,230 received during the years ended September 30, 2022 and 2021, respectively, is included in investment revenue without donor restrictions in the accompanying combined statements of activities.

NET ASSETS

The combined financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available for ministry purposes under the direction of the board, designated by the board for specific use, or resources invested in land, buildings, and equipment.

Net assets with donor restrictions for purpose or time are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

Net assets with donor restrictions in perpetuity consist of one perpetual trust held by others and one endowment held and administered directly by TWR. The perpetual trust held by others fair market value as of September 30, 2022 and 2021, was \$4,356,553 and \$5,334,179, respectively. The endowment consists of common stock with a fair market value as of September 30, 2022 and 2021, of \$328,492 and \$368,473, respectively. Substantially all of the net asset balance is comprised of the perpetual trust held by others. Therefore, the disclosure requirements related to net assets with donor restrictions in perpetuity as prescribed by the *Endowment* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) are not included due to immateriality.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Noncash gifts are recorded at their estimated fair market value on the date of donation.

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Notes to Combined Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

Media services revenue is recorded when earned, which is when broadcasts are aired or when media services are provided. TWR enters into agreements with media partners for broadcasting. Although terms of the agreements vary, the price charged to the media partners is based on the number of on-air spots the media partner receives. Media partners typically pay monthly and prepayments are deferred at fiscal year-end. Contracts vary in length from several months to a year, and are structured with monthly payment terms.

Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as reclassifications.

TWR reports donations of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, TWR reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses, including advertising and promotion costs of \$1,397,638 and \$1,324,373 for the years ended September 30, 2022 and 2021, respectively, are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities of TWR have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

In connection with promotional mailings, missionary furloughs, and other informational activities, TWR incurred joint costs of \$4,792,815 and \$4,316,976 for the years ended September 30, 2022 and 2021, respectively. Of those costs, \$2,435,209 and \$2,232,206 were allocated to program services, \$14,722 and \$15,963 were allocated to management and general, and \$2,342,884 and \$2,068,807 were allocated to fundraising for the years ended September 30, 2022 and 2021, respectively.

TWR has entered into foreign currency exchange contracts to hedge exposure to future spending activity denominated in foreign currencies in areas where it conducts significant business. As of September 30, 2022, TWR has varying monthly commitment amounts through August 2024 for notional amounts approximating \$1,641,000 for the African Rand, \$1,273,000 for the Singapore Dollar, and \$1,320,000 for the European Union Euro.

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Notes to Combined Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTED SERVICES

Contributed services represent donated skilled services and includes the cost of salary, benefits, and work expenses for approximately 35 individuals involved in engineering, broadcast operations, and broadcast administration. Contributed services are reported as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by TWR. During the years ended September 30, 2022 and 2021, contributed services meeting the criteria for recognition in the combined financial statements totaled \$1,573,544 and \$1,969,791, respectively.

INTENTIONS TO GIVE

TWR receives indications of intent to support ministries that are commitments to provide monthly, quarterly, or annual gifts of a specified amount. These commitments are open-ended and subject to unilateral change by the donor. Because the commitments do not express a term or period, the amount of the commitment is not measurable. Considering these factors, the commitments are not considered to be unconditional promises to give and are not recognized prior to receipt of the contribution.

FOREIGN OPERATIONS

In connection with its worldwide ministry, TWR maintains broadcasting stations and other supporting facilities in various countries outside the United States. As of September 30, 2022 and 2021, current assets in other countries, including cash, securities, receivables, prepaid expenses, and inventories, totaled \$2,661,318 and \$3,346,334, respectively; noncurrent assets, other than land, buildings, and equipment, were \$402,127 and \$645,747, respectively; land, buildings, and equipment, at cost-net amounted to \$6,668,234 and \$7,654,497, respectively; and liabilities in other countries were \$2,320,740 and \$1,420,987, respectively. Total overseas support and revenue received from foreign sources amounted to \$8,230,163 and \$7,699,819 for the years ended September 30, 2022 and 2021, respectively. Account balances relating to foreign operations are reflected in the combined financial statements in United States dollars.

RECENTLY ISSUED ACCOUNTING STANDARDS

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. TWR adopted the provisions of the new standard during the year ended September 30, 2022. The standard requires nonprofits to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other nonfinancial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of the this standard did not have a significant impact on the combined financial statements, with the exception of increased disclosure.

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3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects TWR's financial assets as of September 30, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. TWR considers general expenditures to be all expenditures related to its ongoing activities to proclaim the Gospel of our Lord and Savior Jesus Christ in areas of the world where other forms of Christian witness may not be possible as well as the conduct of services undertaken to support those activities to be general expenditures.

	September 30,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 20,190,173	\$ 18,464,893
Receivables-net	1,958,461	2,000,013
Investments	8,740,072	10,485,260
Trust assets	2,617,380	3,707,201
Perpetual trust held by others and endowment	4,685,045	5,702,652
Financial assets, at year-end	38,191,131	40,360,019
Less those not available for general expenditure within one year, due to:		
Perpetual trust held by others and endowment not convertible to cash within next 12 months	(4,685,045)	(5,702,652)
Life income net assets	(754,474)	(1,023,799)
Board designated for various purposes	(1,227,171)	(1,537,171)
Minimum state required annuity reserves	(2,488,765)	(3,716,533)
	(9,155,455)	(11,980,155)
Financial assets available to meet cash needs for general expenditures within one year	\$ 29,035,676	\$ 28,379,864

As part of TWR'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. Board designated reserves can be released upon resolution of the board and used for general expenditures. Prepaid expenses on the combined statements of financial position will reduce cash needed for general expenditures in the subsequent year. At September 30, 2022, TWR has \$12,001,167 in net assets with donor restrictions for missionary and project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes.

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3. LIQUIDITY AND FUNDS AVAILABLE, continued:

TWR considers support with and without donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and program service commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during TWR's fiscal year.

TWR maintains a line of credit at a North Carolina financial institution. As of September 30, 2022, this line permitted TWR to borrow up to \$1,500,000 and is secured by real property in Cary, North Carolina. No commitment fees or compensating balances are required. As of September 30, 2022 this line of credit bears interest at a rate equal to the Daily Bloomberg Short-Term Bank Yield Index Rate (BSBY) plus 200 basis points (or 3.97% as of September 30, 2022) and as of September 30, 2021 it bore interest at a rate equal to the London Interbank Offered Rate (LIBOR) plus 175 basis points (or 1.83% as of September 30, 2021). As of September 30, 2022 and 2021, TWR had no outstanding borrowings against this line of credit.

4. RECEIVABLES—NET:

Receivables—net consist of:

	September 30,	
	2022	2021
Broadcasters—net of allowance for uncollectible accounts of \$150,000 for both years ended	\$ 1,544,128	\$ 1,361,219
Advances to employees	117,894	123,623
Due from suppliers/affiliates	296,439	515,171
	\$ 1,958,461	\$ 2,000,013

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5. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

Prepaid expenses and other current assets consist of:

	September 30,	
	2022	2021
Spare parts inventory	\$ 767,295	\$ 669,064
Rents and deposits	65,078	74,990
Other prepaids	596,273	389,615
	\$ 1,428,646	\$ 1,133,669

6. INVESTMENTS:

Investments, at fair value consist of:

	September 30,	
	2022	2021
Operating and specified purpose:		
Exchanged traded funds	\$ 6,195	\$ 10,510
Mutual funds	668,847	2,612,929
	675,042	2,623,439
Life income:		
Exchange traded funds	3,021,515	4,289,740
Fixed income securities	1,566,641	1,948,900
Mortgage-backed securities	749,384	723,200
Mutual funds	2,727,490	899,981
	8,065,030	7,861,821
	\$ 8,740,072	\$ 10,485,260

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7. LONG-TERM INVESTMENTS AND OTHER ASSETS:

Long-term investments and other assets consist of:

	September 30,	
	2022	2021
Cash surrender value of life insurance	\$ 28,851	\$ 27,277
Prepayment of airtime	-	60,406
Broadcasting facility development costs—net of amortization of \$1,405,110 and \$1,161,492, respectively	402,127	645,747
	\$ 430,978	\$ 733,430

Broadcasting facility development costs represent amounts invested in the development of new and improved broadcast facilities in Central Asia. The funds advanced to the station owners will be recovered through reduced airtime charges to TWR for the programs broadcast by TWR.

8. LAND, BUILDINGS, AND EQUIPMENT, AT COST—NET:

Land, buildings, and equipment, at cost—net consist of:

	September 30,			September 30,
	2022		2021	
	United States	Other Countries	Total	Total
Land	\$ 1,230,407	\$ 734,971	\$ 1,965,378	\$ 2,038,699
Buildings	8,265,245	3,707,305	11,972,550	12,341,486
Transmitting, generating, and testing equipment	3,774,191	7,174,649	10,948,840	11,008,664
Furniture and equipment	5,286,877	1,312,367	6,599,244	6,717,155
	18,556,720	12,929,292	31,486,012	32,106,004
Less accumulated depreciation	(11,488,101)	(6,581,677)	(18,069,778)	(17,854,662)
	7,068,619	6,347,615	13,416,234	14,251,342
Construction in progress	1,004,202	320,619	1,324,821	841,309
Net book value of land, buildings, and equipment	\$ 8,072,821	\$ 6,668,234	\$ 14,741,055	\$ 15,092,651

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9. ANNUITIES PAYABLE:

TWR has established a gift annuity plan whereby donors may contribute assets to TWR in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax purposes.

The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as a gift without donor restrictions for long-term purposes.

The annuity liability is revalued annually based upon actuarially computed present values and is carried at the present value of future cash payments. The resulting actuarial gain or loss is included with change in value of split interest agreements in the accompanying combined statements of activities.

Annuities payable consist of:

	September 30,	
	2022	2021
Computed present value	\$ 6,347,988	\$ 4,652,922
Less current portion	(820,669)	(805,178)
	\$ 5,527,319	\$ 3,847,744

Several states have specific requirements for calculating the investment assets TWR must hold to provide resources for paying obligations to annuitants. TWR holds these reserves as designated net assets without donor restrictions in the accompanying combined statements of financial position.

10. TRUST ASSETS, OBLIGATIONS, AND NET ASSETS:

TWR administers charitable remainder trusts. These trusts provide the payment of lifetime distributions to the grantor or other designated beneficiaries. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated remaindermen. The present value of the portion of the trusts attributable to the remainder interest of TWR is recorded on the combined statements of activities as a contribution with donor restrictions in the period received, as net assets with donor restrictions. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as reclassifications. Certain trusts contain provisions to distribute assets to remaindermen other than TWR. The portion attributable to others is reflected as a liability in the combined statements of financial position.

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10. TRUST ASSETS, OBLIGATIONS, AND NET ASSETS, continued:

	September 30,	
	2022	2021
Trust assets—at fair value:		
Cash and cash equivalents	\$ 63,688	\$ 85,403
Exchange traded funds	811,326	1,100,996
Mutual funds	1,742,366	2,520,802
	\$ 2,617,380	\$ 3,707,201
Trust obligations and net assets:		
Trust obligations:		
Current portion of irrevocable trusts	\$ 178,335	\$ 207,282
Irrevocable trusts, net of current portion	1,684,571	2,476,120
	1,862,906	2,683,402
Trust net assets	754,474	1,023,799
	\$ 2,617,380	\$ 3,707,201

An actuarial adjustment is recognized in the combined statements of activities for changes in the value of annuities and trusts. These changes include:

	Year Ended September 30,	
	2022	2021
Interest and dividends	\$ 571,895	\$ 339,212
Realized and unrealized gains (losses)	(2,583,744)	1,734,054
Actuarial adjustments	(448,260)	476,396
Advisory fees and other expenses	(150,212)	(151,992)
Payments to income beneficiaries	(855,984)	(872,299)
	\$ (3,466,305)	\$ 1,525,371

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11. NET ASSETS:

Net assets consist of:

	September 30,	
	2022	2021
Without donor restrictions:		
Undesignated:		
Available for ministry purposes	\$ 7,003,899	\$ 11,690,661
Unfunded employee benefit obligations (Note 14)	(3,838,927)	(3,988,927)
	3,164,972	7,701,734
Designated:		
Board designated for various purposes	1,227,171	1,537,171
Minimum state required annuity reserves	2,488,765	3,716,533
	3,715,936	5,253,704
Equity in land, buildings, and equipment	14,741,055	15,092,651
	\$ 21,621,963	\$ 28,048,089

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11. NET ASSETS, continued:

	September 30,	
	2022	2021
With donor restrictions:		
Restricted for purpose or time:		
Specified purpose:		
Restricted for future ministry activities:		
Missionary equipment	\$ 1,272,040	\$ 855,220
Women's ministry	1,044,517	661,209
Children and youth ministry	382,047	312,590
HIV/AIDS and health issues ministry	313,308	136,183
Leadership and communicators ministry	907,462	718,741
Extending the Reach	4,613,301	2,969,798
Other ministry initiatives	3,468,492	2,388,822
	12,001,167	8,042,563
Life income:		
Charitable remainder trusts (Note 10)	754,474	1,023,799
Restricted in perpetuity:		
Perpetual trust and endowment	4,685,045	5,702,652
	\$ 17,440,686	\$ 14,769,014

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12. EXPENSES BY BOTH NATURE AND FUNCTION:

The combined financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of TWR. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include depreciation, payroll, facilities, operations and other expenses. Depreciation is allocated based on square footage and the programmatic purpose of the asset being depreciated. Costs of other categories were allocated based on programmatic purpose of the employees directly affected by the expense.

Functional expenses by natural classification for the year ended September 30, 2022:

	Program	Supporting Activities		Total Expenses
		Management and General	Fundraising	
Payroll and personnel	\$ 15,500,262	\$ 1,583,781	\$ 1,816,388	\$ 18,900,431
Purchased airtime	4,928,313	-	-	4,928,313
Ministry grants and national partner development	6,446,451	23,298	-	6,469,749
General office	2,371,691	182,755	353,915	2,908,361
Broadcast operations	1,762,175	142	21,674	1,783,991
Travel	732,062	45,999	142,720	920,781
Depreciation	935,367	32,461	55,765	1,023,593
Fund development	158,276	-	1,239,362	1,397,638
Program production	1,012,204	976	3,720	1,016,900
Insurance	210,551	351,518	681	562,750
Consulting fees	332,208	85,084	38,714	456,006
Meetings	128,869	2,675	17,143	148,687
Finance	334,539	51,391	4,101	390,031
Missionary ministry funds	205,236	13	66,798	272,047
	<u>\$ 35,058,204</u>	<u>\$ 2,360,093</u>	<u>\$ 3,760,981</u>	<u>\$ 41,179,278</u>

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12. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification for the year ended September 30, 2021:

	Program	Supporting Activities		Total Expenses
		Management and General	Fundraising	
Payroll and personnel	\$ 14,935,161	\$ 1,541,273	\$ 1,816,595	\$ 18,293,029
Purchased airtime	5,086,609	-	-	5,086,609
Ministry grants and national partner development	5,655,544	30,029	31,263	5,716,836
General office	2,260,766	167,364	292,558	2,720,688
Broadcast operations	1,422,197	500	23,142	1,445,839
Travel	231,743	16,806	70,394	318,943
Depreciation	1,087,518	51,515	84,297	1,223,330
Fund development	215,441	-	1,108,932	1,324,373
Program production	899,838	1,477	8,843	910,158
Insurance	196,851	342,205	677	539,733
Consulting fees	225,661	112,363	13,015	351,039
Meetings	59,553	3,583	10,128	73,264
Finance	91,480	43,600	892	135,972
Missionary ministry funds	216,246	1,155	30,197	247,598
	<u>\$ 32,584,608</u>	<u>\$ 2,311,870</u>	<u>\$ 3,490,933</u>	<u>\$ 38,387,411</u>

13. COMMITMENTS:

AIRTIME COMMITMENTS

In addition to their own transmitting facilities, TWR has entered into contracts with various foreign corporations to purchase airtime in order to air international gospel programs. The agreements specify minimum levels of time usage at various rates and are subject to periodic review by the foreign corporations.

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14. EMPLOYEE BENEFIT OBLIGATIONS:

DEFINED CONTRIBUTION PLAN

Effective in 2009, TWR established a new 401(k) plan (the Plan) for U.S. staff and missionaries, which was reclassified as a 403(b) plan in 2022. TWR provides a 50% match for U.S. based employees contributing up to 6% of their base salary. For U.S. missionaries serving outside the U.S., TWR contributes 9% of the missionaries' U.S. base pay rate. U.S. missionaries and staff may make additional voluntary contributions which are not matched by TWR. TWR contributed \$263,534 and \$256,821 in matching contributions to the Plan for the years ended September 30, 2022 and 2021, respectively. Employee contributions vest at time of payment into the Plan. TWR's contributions become fully vested after three years of service. All employees may start contributions from the date of employment. TWR begins matching U.S. staff contributions immediately upon employment.

AD HOC RETIREMENT PLAN

In recognition of years of service prior to TWR implementing its 401(k) plan described above, TWR provides a supplemental pension allowance and certain other retiree welfare benefits, including medical and life insurance benefits, to qualifying U.S. employees which qualifies as a defined benefit plan. In 2007, the board froze the plan to any additional participants.

The ad hoc plan's current and future benefits are funded by undesignated net assets without donor restrictions of TWR (see Note 12). The following table sets forth the amounts recognized in the combined statements of financial position:

	Pension Benefits		Retiree Welfare Benefits	
	2022	2021	2022	2021
Change in benefit obligation:				
Benefit obligation, October 1	\$ 1,739,798	\$ 1,900,577	\$ 2,249,129	\$ 2,372,958
Interest cost	95,814	87,104	69,488	63,171
Actuarial gain/(loss)	134,745	9,659	21,460	(54,339)
Benefits paid	(236,065)	(257,542)	(235,442)	(132,661)
Benefit obligation, September 30	<u>\$ 1,734,292</u>	<u>\$ 1,739,798</u>	<u>\$ 2,104,635</u>	<u>\$ 2,249,129</u>

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14. EMPLOYEE BENEFIT OBLIGATIONS, continued:

AD HOC RETIREMENT PLAN, continued

Components of net periodic benefit costs for the years ended September 30, 2022 and 2021, are as follows:

	Pension Benefits		Retiree Welfare Benefits	
	2022	2021	2022	2021
Components of net periodic benefit cost:				
Interest cost	\$ 95,814	\$ 87,104	\$ 69,488	\$ 63,171
Amortization of unrecognized prior service cost	-	-	-	-
Amortization of unrecognized net gain	10,035	136,748	(18,529)	(15,082)
Net periodic pension cost	\$ 105,849	\$ 223,852	\$ 50,959	\$ 48,089

Weighted-average assumptions and method disclosures as of September 30, 2022 and 2021, include:

	Pension Benefits		Retiree Welfare Benefits	
	2022	2021	2022	2021
Discount rate	5.00%	5.00%	5.00%	5.00%
Average life expectancy of participants	9.5 years	10 years	9.5 years	10 years

Furthermore, for purposes of calculating the benefit obligation for the post-retirement other benefit component, TWR assumed an initial 10% health care cost trend for participants for the years ended September 30, 2022 and 2021.

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14. EMPLOYEE BENEFIT OBLIGATIONS, continued:

AD HOC RETIREMENT PLAN, continued

Based upon participants involved, TWR's expected contribution is as follows and accordingly classified on the combined statements of financial position:

	September 30,	
	2022	2021
Employee benefit obligation (including pension and retiree welfare benefits)	\$ 3,838,927	\$ 3,988,927
Less current portion	(551,089)	(554,713)
Employee benefit obligation—net of current portion	\$ 3,287,838	\$ 3,434,214

Estimated Future Benefit Payments—The following benefit payments, which reflect expected future service as appropriate, are expected to be paid:

Years Ending September 30,	Pension Benefits	Retiree Welfare Benefits
2023	\$ 277,486	\$ 273,603
2024	260,144	252,556
2025	242,801	252,556
2026	225,458	231,510
2027	208,115	231,510
Thereafter	520,288	862,900
	\$ 1,734,292	\$ 2,104,635

15. CONCENTRATIONS:

Three broadcasters represent approximately 58% and 60% of total broadcast revenue for the years ended September 30, 2022 and 2021, respectively. TWR's operations and program activities could be impacted if these relationships were to be terminated and could not be replaced by new ones with comparable amounts.

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16. RELATED PARTY TRANSACTIONS:

Support and revenue provided by affiliated organizations (as described in Note 1) approximated \$3,572,000 and \$2,897,000 plus approximately \$1,245,000 and \$1,478,000 in contributed services for the years ended September 30, 2022 and 2021, respectively.

Grants to affiliated organizations and payments for services rendered and for other development costs totaled \$6,459,833 and \$5,724,260 for the years ended September 30, 2022 and 2021, respectively.

17. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. TWR uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, TWR measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying combined statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2022:

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17. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2022			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Exchanged traded funds:				
International	\$ 125,731	\$ 125,731	\$ -	\$ -
Bond	448,559	448,559	-	-
Large cap	2,297,000	2,297,000	-	-
Small cap	81,529	81,529	-	-
REITs	58,710	58,710	-	-
Other	16,181	16,181	-	-
Fixed income securities:				
Bond	1,556,396	1,556,396	-	-
Municipal	10,245	-	10,245	-
Mortgage-backed securities:				
Intermediate bond	39,665	39,665	-	-
Long bond	709,719	709,719	-	-
Mutual funds:				
International	1,366,590	1,366,590	-	-
Intermediate bond	946,357	946,357	-	-
Small cap	628,251	628,251	-	-
REITs	407,668	407,668	-	-
Other	47,471	47,471	-	-
Total investments, at fair value	\$ 8,740,072	\$ 8,729,827	\$ 10,245	\$ -

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17. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2022			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Trust assets, at fair value:				
Cash and cash equivalents	\$ 63,688	\$ 63,688	\$ -	\$ -
Exchange traded funds:				
Bond	105,698	105,698	-	-
Large cap	695,313	695,313	-	-
Small cap	1,367	1,367	-	-
Other	8,948	8,948	-	-
Mutual funds:				
International	423,457	423,457	-	-
Intermediate bond	961,622	961,622	-	-
Small cap	205,270	205,270	-	-
REITs	152,017	152,017	-	-
Total trust assets, at fair value	<u>\$ 2,617,380</u>	<u>\$ 2,617,380</u>	<u>\$ -</u>	<u>\$ -</u>

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17. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2022			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Assets held in perpetual trust and endowment assets, at fair value:				
Cash and cash equivalents	\$ 268,553	\$ 10,308	\$ -	\$ 258,245
Corporate stock	136,000	136,000	-	-
Exchange traded funds:				
US large cap	1,066,076	-	-	1,066,076
US mid cap	619,987	-	-	619,987
US small cap	512,306	-	-	512,306
International developed	427,282	-	-	427,282
Emerging markets	273,671	-	-	273,671
Mutual funds:				
Large cap	55,008	55,008	-	-
Small cap	22,715	22,715	-	-
International	40,180	40,180	-	-
REIT	15,049	15,049	-	-
Bond	49,232	49,232	-	-
Fixed income bonds:				
Investment grade taxable	313,544	-	-	313,544
International developed	46,893	-	-	46,893
Global high yield taxable	37,939	-	-	37,939
Other:				
Hedge funds	541,345	-	-	541,345
Private equity fund	136,678	-	-	136,678
Commodities	122,587	-	-	122,587
Total assets held in perpetual trust and endowment assets, at fair value	<u>\$ 4,685,045</u>	<u>\$ 328,492</u>	<u>\$ -</u>	<u>\$ 4,356,553</u>

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17. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2021			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Exchange traded funds:				
International	\$ 228,009	\$ 228,009	\$ -	\$ -
Bond	447,664	447,664	-	-
Large cap	2,575,198	2,575,198	-	-
Mid cap	632,261	632,261	-	-
Small cap	204,401	204,401	-	-
REITs	182,291	182,291	-	-
Other	30,426	30,426	-	-
Fixed income securities:				
Bond	1,941,596	1,941,596	-	-
Municipal	7,304	-	7,304	-
Mortgage-backed securities:				
Intermediate bond	40,151	40,151	-	-
Long bond	683,049	683,049	-	-
Mutual funds:				
International	1,627,733	1,627,733	-	-
Intermediate bond	1,048,509	1,048,509	-	-
Small cap	789,550	789,550	-	-
REITs	37,136	37,136	-	-
Other	9,982	9,982	-	-
Total investments at fair value	<u>\$ 10,485,260</u>	<u>\$ 10,477,956</u>	<u>\$ 7,304</u>	<u>\$ -</u>

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17. FAIR VALUE MEASUREMENTS, continued:

	Total	September 30, 2021		
		Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Trust assets, at fair value:				
Cash and cash equivalents	\$ 85,403	\$ 85,403	\$ -	\$ -
Exchanged traded funds:				
Bond	120,864	120,864	-	-
Large cap	968,501	968,501	-	-
Small cap	1,749	1,749	-	-
Other	9,882	9,882	-	-
Mutual funds:				
International	696,675	696,675	-	-
High yield	44,767	44,767	-	-
Intermediate bond	1,266,467	1,266,467	-	-
Small cap	288,903	288,903	-	-
REITs	223,990	223,990	-	-
Total trust assets at fair value	<u>\$ 3,707,201</u>	<u>\$ 3,707,201</u>	<u>\$ -</u>	<u>\$ -</u>

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17. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2021			
	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Assets held in perpetual trust and endowment assets, at fair value:				
Cash and cash equivalents	\$ 152,739	\$ 11,379	\$ -	\$ 141,360
Corporate stock	123,940	123,940	-	-
Exchange traded funds:				
US large cap	1,337,951	-	-	1,337,951
US mid cap	736,047	-	-	736,047
US small cap	576,618	-	-	576,618
International developed	731,290	-	-	731,290
Emerging markets	390,804	-	-	390,804
Mutual funds:				
Large cap	68,959	68,959	-	-
Small cap	28,828	28,828	-	-
International	57,126	57,126	-	-
REIT	18,845	18,845	-	-
Bond	59,396	59,396	-	-
Fixed income bonds:				
Investment grade taxable	352,829	-	-	352,829
International developed	53,635	-	-	53,635
Global high yield taxable	52,004	-	-	52,004
Other:				
Hedge funds	651,145	-	-	651,145
Private equity fund	136,850	-	-	136,850
Commodities	173,646	-	-	173,646
Total assets held in perpetual trust and endowment assets, at fair value	<u>\$ 5,702,652</u>	<u>\$ 368,473</u>	<u>\$ -</u>	<u>\$ 5,334,179</u>

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17. FAIR VALUE MEASUREMENTS, continued:

The following tables provide further details of the Level 3 fair value measurements for beneficial interest in trusts held by others:

	September 30,	
	2022	2021
Beginning balance:	\$ 5,334,179	\$ 4,444,793
Contributions of beneficial interests	-	-
Distributions of beneficial interests	-	-
Change in value of beneficial interest in trusts held by others	(977,626)	889,386
Ending balance	\$ 4,356,553	\$ 5,334,179

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying combined statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Level 1 Fair Value Measurements

The fair values of cash and cash equivalents, corporate stock, exchange traded funds, fixed income securities, mortgage-backed securities, and mutual funds are based on quoted market prices, when available.

Level 2 Fair Value Measurements

The fair values of the cash and cash equivalents, exchange traded funds, mutual funds, and certificates of deposit are based on observable inputs other than the quoted prices included in Level 1 and thus are based on yields for securities of comparable maturity, quality, and type as obtained from market makers. The fair values of fixed income securities and mortgage-backed securities are based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of precious metals is estimated by reference to market values for similar securities. Currency exchange contract liability is the estimated amount that TWR would owe the financial institution if it terminated the contracts at the reporting date.

Level 3 Fair Value Measurements

The fair value of beneficial interest in perpetual trusts held by others is based on the value of TWR's proportional share of the overall assets held by the other organizations.

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18. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 10, 2023, which represents the date the combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.