FAMILY LEGACY MISSIONS INTERNATIONAL
AND SUBSIDIARY

Consolidated Financial Statements
With Independent Auditor's Report

September 30, 2025 and December 31, 2024

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

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CAPINCROUSE
A DIVISION OF Carr, Riggs & Ingram

INDEPENDENT AUDITOR'S REPORT

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

Opinion
We have audited the accompanying consolidated financial statements of Family Legacy Missions International and Subsidiary, which comprise the consolidated statements of financial position as of September 30, 2025 and December 31, 2024, and the related consolidated statements of activities and cash flows for the nine month period and year then ended, respectively, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Family Legacy Missions International and Subsidiary as of September 30, 2025 and December 31, 2024, and the changes in its net assets and its cash flows for the nine month period and year then ended, respectively in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Family Legacy Missions International and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Legacy Missions International and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Family Legacy Missions International and Subsidiary's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Legacy Missions International and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLC

Irving, Texas
July 2, 2026

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

Consolidated Statements of Financial Position

	September 30, 2025	December 31, 2024
ASSETS:		
Cash and cash equivalents	$ 1,046,539	$ 2,764,971
Prepaid expenses and other assets	20,779	116,581
Cash held for long-term purposes	44,929	301,485
Related party receivables:		
Advances	732,259	683,672
Interest receivable	2,054,133	1,918,649
Note receivable	6,789,421	7,222,754
Allowance for credit losses	(212,799)	(212,799)
Operating lease right-of-use assets	514,237	671,168
Investment in Lifeline Enterprises	247,879	247,879
Property and equipment–net	24,424	74,192
Total Assets	$ 11,261,801	$ 13,788,552
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$ 152,834	$ 184,645
Accrued expenses	1,643,266	1,601,247
Operating lease liabilities	576,499	746,259
Notes payable	6,572,754	7,006,087
Total liabilities	8,945,353	9,538,238
Net assets:		
Net assets without donor restrictions	1,136,133	2,211,432
Net assets with donor restrictions	1,180,315	2,038,882
Total net assets	2,316,448	4,250,314
Total Liabilities and Net Assets	$ 11,261,801	$ 13,788,552

See notes to consolidated financial statements

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

Consolidated Statements of Activities

	Nine Months Ended September 30, 2025			Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	$ 792,522	$ 9,667,067	$ 10,459,589	$ 2,739,714	$ 14,147,279	$ 16,886,993
Contributions of nonfinancial assets	573,857	-	573,857	982,704	-	982,704
Forgiveness of note payable and related accrued interest	525,416	-	525,416	-	-	-
Interest revenue	328,861	-	328,861	459,549	-	459,549
Other revenue	55,963	-	55,963	33,113	-	33,113
Total Support and Revenue	2,276,619	9,667,067	11,943,686	4,215,080	14,147,279	18,362,359
NET ASSETS RELEASED:						
Administrative assessments	1,219,832	(1,219,832)	-	1,564,127	(1,564,127)	-
Purpose restrictions	9,305,802	(9,305,802)	-	12,310,608	(12,310,608)	-
	10,525,634	(10,525,634)	-	13,874,735	(13,874,735)	-
EXPENSES:						
Program services	11,362,527	-	11,362,527	14,785,520	-	14,785,520
Supporting activities:						
Management and general	1,783,569	-	1,783,569	2,670,613	-	2,670,613
Fundraising	731,456	-	731,456	884,479	-	884,479
	2,515,025	-	2,515,025	3,555,092	-	3,555,092
Total Expenses	13,877,552	-	13,877,552	18,340,612	-	18,340,612
Change in Net Assets	(1,075,299)	(858,567)	(1,933,866)	(250,797)	272,544	21,747
Net Assets, Beginning of Year	2,211,432	2,038,882	4,250,314	2,462,229	1,766,338	4,228,567
Net Assets, End of Year	$ 1,136,133	$ 1,180,315	$ 2,316,448	$ 2,211,432	$ 2,038,882	$ 4,250,314

See notes to consolidated financial statements

FAMILY LEGACY MISSIONS INTERNATIONAL AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Nine Months Ended September 30, 2025	Year Ended December 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,933,866)	$ 21,747
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	49,768	66,392
Contributions received for long-term purposes	(200,000)	-
Forgiveness of note payable and related accrued interest	(525,416)	-
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	95,802	(100,139)
Related party receivables	249,262	(466,115)
Accounts payable	(31,811)	132,128
Accrued expenses	134,102	197,448
Operating leases	(12,829)	(12,361)
Funds payable to others	-	(3,724)
Net Cash Used by Operating Activities	(2,174,988)	(164,624)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	-	(216,667)
Contributions received for long-term purposes	200,000	-
Net Cash Provided (Used) by Financing Activities	200,000	(216,667)
Net Change in Cash, Cash Equivalents and Cash held for Long-term Purposes	(1,974,988)	(381,291)
Cash, Cash Equivalents and Cash held for Long-term Purposes, Beginning of Year	3,066,456	3,447,747
Cash, Cash Equivalents and Cash held for Long-term Purposes, End of Year	$ 1,091,468	$ 3,066,456
SUPPLEMENTAL DISCLOSURES:		
Forgiveness of notes payable and related accrued interest	$ 525,416	$ -
Cash paid for interest	$ 185,122	$ 167,684

See notes to consolidated financial statements

1. NATURE OF ORGANIZATION:

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

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

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

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

CHANGE IN FISCAL YEAR-END

In 2025, FLMI changed its fiscal year-end from December 31 to September 30 to better align financial reporting with its operating cycle, strategic planning, program timing and seasonal revenue patterns. As a result, the financial results for the initial year of the fiscal year change reflect only nine months of activity, from January 1 through September 30, 2025, and exclude FLMI's typical peak giving period from October through December. Accordingly, the financial results reported for fiscal year 2025 are not directly comparable to the results reported for the 12 month period ending December 31, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings, and money market accounts. These accounts may, at times, exceed federally insured limits. As of September 30, 2025 and December 31, 2024, FLMI had cash balances on deposit that exceeded federally insured limits by approximately $782,000 and $2,848,000, respectively, including cash held for long-term purposes.

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

	September 30, 2025	December 31, 2024
Cash and cash equivalents	$ 1,046,539	$ 2,764,971
Cash held for long-term purposes	44,929	301,485
	$ 1,091,468	$ 3,066,456

CASH HELD FOR LONG-TERM PURPOSES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RELATED PARTY RECEIVABLES

The related party receivables are payable by FLMZ and are recorded at the principal amount outstanding less the related allowance for credit losses. Interest income is accrued and credited to income based on the principal amount outstanding. The related party receivables are unsecured, and the interest expense that FLMI incurs on the notes payable described in Note 5 is payable by FLMZ.

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

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

The related party receivables are evaluated based on four credit quality status indicators: deferred, current, performing, and nonperforming. Deferred receivables do not require repayment during the deferral period. Current receivables are those in repayment status and in which the borrower remains current with all contractual terms. Performing receivables are those in which the borrower is not current with all contractual terms but has established a recent payment history. Nonperforming receivables are those in which the borrower has defaulted on the terms and no recent payment history exists. As of September 30, 2025 and December 31, 2024, the related party receivable related to the FLMI notes payable in Note 5 is in deferral status, and the related party receivable related to LCC notes payable in Note 5 is classified as current.

During the nine months ended September 30, 2025, FLMI forgave $433,333 of related party receivables and $92,083 of related accrued interest. This was due to one of LCC's lenders forgiving their loan during the nine months ended September 30, 2025. This amount is reflected as grant expense (see Note 9).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OPERATING LEASE RIGHT-OF-USE ASSETS AND LIABILITIES
Right-of-use assets and related liabilities are recognized at commencement date based on the net present value of lease payments over the lease term discounted using a risk-free rate. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. FLMI has elected to exclude short-term leases with lease terms of 12 months or less, and those costs are expensed as incurred. The additional lease disclosures can be found in Note 7.

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

PROPERTY AND EQUIPMENT–NET
Property and equipment are capitalized at cost or, if donated, at fair value at the date of the gift. FLMI capitalizes purchases in excess of $5,000 with lesser amounts expensed in the year purchased. Repairs and maintenance that do not extend the life of the asset are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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

Interest income is recorded in the period earned. Other income includes merchandise sales and other miscellaneous ministry revenue. Other income is recorded when the performance obligation is met, either at a point in time or over a period of time as the services are delivered.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

Contributions of Nonfinancial Assets, continued
Total contributions of nonfinancial assets are as follows:

	Nine Months Ended September 30, 2025	Year Ended December 31, 2024
Food	$ 532,278	$ 956,387
Other	41,579	26,317
	$ 573,857	$ 982,704

FLMI recognized contributions of nonfinancial assets within revenue, which primarily included donated food used to provide healthy meals for vulnerable and orphaned children in Zambia. There were no donor restrictions on contributions of nonfinancial assets. Donated food items are valued by comparing the price per meal to a study performed by a major food distributor. The price per meal was determined to be $0.30 and $0.29 in 2025 and 2024, respectively.

EXPENSES
Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs, such as depreciation and salaries, have been allocated among the program services and supporting activities benefited. Depreciation and occupancy-related costs are allocated based on square footage. Costs of other categories were allocated based on estimates of time and effort. FLMI incurred no joint costs during the nine months ended September 30, 2025 and year ended December 31, 2024.

3. LIQUIDITY AND FUNDS AVAILABLE:

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

	September 30, 2025	December 31, 2024
Financial assets:		
Cash and cash equivalents	$ 1,046,539	$ 2,764,971
Accounts receivable*	4,189	3,520
Cash held for long-term purposes	44,929	301,485
Related party receivables	9,363,014	9,612,276
Investment in Lifeline Enterprises	247,879	247,879
Financial assets, at year-end	10,706,550	12,930,131
Less those not available for general expenditure within one year:		
Cash held for long-term purposes	(44,929)	(301,485)
Investment in Lifeline Enterprises	(247,879)	(247,879)
Related party receivables, not collectible within one year	(9,363,014)	(9,612,276)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,050,728	$ 2,768,491

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

As part of FLMI's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of September 30, 2025 and December 31, 2024, FLMI has $1,135,386 and $1,737,397, respectively, in net assets with donor restrictions for program activities in Zambia. These funds are considered available to meet needs for general expenditures within one year.

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment consists of:

	September 30, 2025	December 31, 2024
Furniture and equipment	$ 125,268	$ 163,182
Internally developed software	221,596	221,596
	346,864	384,778
Less accumulated depreciation	(322,440)	(310,586)
	$ 24,424	$ 74,192

5. NOTES PAYABLE:

Notes payable held under FLMI are to individuals and trusts, are unsecured, and consist of the following as of September 30, 2025:

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

Notes payable held under LCC are to individuals, donor-advised funds, and trusts, secured by the net cash flows of the Lusaka Legacy Conference Centre, and consist of the following as of September 30, 2025:

	Loan Date	Maturity Date	Original Principal	Principal Payment Frequency	Interest Rate	Payment Amount	Outstanding Principal
1	6/1/2021	6/1/2028	$ 500,000	At Maturity	10.0%	$ 500,000	$ 500,000
2	6/1/2021	6/1/2028	500,000	At Maturity	10.0%	500,000	500,000
3	6/1/2021	6/1/2028	500,000	At Maturity	10.0%	500,000	500,000
4	6/1/2021	6/1/2031	50,000	At Maturity	5.0%	1,250	50,000
5	6/1/2021	6/1/2031	83,000	At Maturity	5.0%	83,000	83,000
6	6/1/2021	6/1/2031	66,000	At Maturity	5.0%	66,000	66,000
7	6/1/2021	6/1/2031	976,190	At Maturity	5.0%	24,405	976,190
8	6/1/2021	6/1/2031	672,576	At Maturity	5.0%	5,605	672,576
9	6/1/2021	6/1/2031	83,000	At Maturity	5.0%	83,000	83,000
10	6/1/2021	6/1/2031	100,000	At Maturity	5.0%	2,500	100,000
							3,530,766
							$ 6,572,754

5. NOTES PAYABLE, continued:

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

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

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

	Loan Date	Maturity Date	Original Principal	Principal Payment Frequency	Interest Rate	Payment Amount	Outstanding Principal
1	6/1/2021	6/1/2026	$ 500,000	At Maturity	10.0%	$ 500,000	500,000
2	6/1/2021	6/1/2026	500,000	At Maturity	10.0%	500,000	500,000
3	6/1/2021	6/1/2026	500,000	At Maturity	10.0%	500,000	500,000
4	6/1/2021	6/1/2031	50,000	At Maturity	5.0%	1,250	50,000
5	6/1/2021	6/1/2031	83,000	At Maturity	5.0%	83,000	83,000
6	6/1/2021	6/1/2031	66,000	At Maturity	5.0%	66,000	66,000
7	6/1/2021	6/1/2031	433,333	At Maturity	5.0%	43,333	433,333
8	6/1/2021	6/1/2031	976,190	At Maturity	5.0%	24,405	976,190
9	6/1/2021	6/1/2031	672,576	At Maturity	5.0%	5,605	672,576
10	6/1/2021	6/1/2031	83,000	At Maturity	5.0%	83,000	83,000
11	6/1/2021	6/1/2031	100,000	At Maturity	5.0%	2,500	100,000
							3,964,099
							$ 7,006,087

5. NOTES PAYABLE, continued:

Future minimum payments for all note payables are:

Year Ending September 30,	
2027	$ 1,500,000
2028	1,500,000
2030	-
Thereafter	3,572,754
	$ 6,572,754

As of September 30, 2025 and December 31, 2024, $66,000 of outstanding notes payable are due to members of the board of directors.

During the year ended December 31, 2024, a $216,667 note payable was paid in full. There was no related interest on the note.

During the nine months ended September 30, 2025 a note payable held under LCC for $433,333, along with all accrued interest, was forgiven by the lender. The forgiveness is recognized as a contribution without donor restriction on the consolidated statements of activities. During the year ended December 31, 2024, no debt or accrued interest was forgiven by note holders.

During the nine month period ended September 30, 2025 and the year ended December 31, 2024, accrued interest on notes payable totaled $1,411,280 and $1,359,623, respectively.

6. LINE OF CREDIT:

FLMI has a line of credit with a financial institution in the maximum amount of $1,000,000 with an interest rate of 5.676% plus the Secured Overnight Financing Rate, maturing in December 2025. Subsequent to year end, FLMI renewed the line of credit to mature on December 1, 2026. During the year ended September 30, 2025, FLMI did not draw on this line of credit.

7. RIGHT-OF-USE ASSETS AND LIABILITIES:

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

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

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

	September 30, 2025	December 31, 2024
Operating lease right-of-use assets	$ 514,237	$ 671,168
Operating lease liabilities	$ 576,499	$ 746,259
Operating lease costs	$ 173,858	$ 231,557
Cash paid for amounts included in the measurement of lease liabilities	$ 187,255	$ 243,917
Weighted-average discount rate:	3.42%	3.42%
Weighted-average remaining lease term:	2.33	3.08

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

Year Ending September 30,	
2026	$ 250,166
2027	260,200
2028	86,020
	596,386
Less imputed interest	(19,887)
	$ 576,499

8. NET ASSETS WITH DONOR RESTRICTIONS:

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

	September 30, 2025	December 31, 2024
Program activities in Zambia	$ 1,135,386	$ 1,737,397
Construction projects in Zambia	44,929	301,485
	$ 1,180,315	$ 2,038,882

9. FUNCTIONAL CLASSIFICATION OF EXPENSES:

For the nine months ended September 30, 2025, expenses have been allocated on a functional basis as follows:

		Supporting Activities		
	Program Services	Management and General	Fundraising	Total
Grant expense	$ 6,951,443	$ -	$ -	$ 6,951,443
Salaries and benefits	1,507,252	1,204,074	571,641	3,282,967
Travel expenses	899,204	107,664	66,676	1,073,544
Food expense	910,217	3,969	-	914,186
Interest expense	328,861	-	-	328,861
Program supplies	225,745	-	-	225,745
Occupancy	189,554	-	-	189,554
Professional fees	88,483	81,162	12,951	182,596
Technology	31,472	141,557	4,100	177,129
Bank charges and fees	-	137,371	-	137,371
Shipping costs	106,645	-	-	106,645
Clothes	95,121	-	-	95,121
Marketing and promotion	18,437	15,265	55,544	89,246
Office expenses and supplies	3,877	47,270	1,895	53,042
Depreciation expense	6,216	24,903	18,649	49,768
Equipment	-	20,334	-	20,334
	$ 11,362,527	$ 1,783,569	$ 731,456	$ 13,877,552

9. FUNCTIONAL CLASSIFICATION OF EXPENSES, continued:

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

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

10. RELATED PARTY TRANSACTIONS:

As described in Note 2, FLMI fulfills the operations of its major programs through the direct financial support of FLMZ. Three FLMI officers are also FLMZ board members. During the nine months ended September 30, 2025 and the year ended December 31, 2024, FLMI provided grants to FLMZ as follows:

	Nine Months Ended September 30, 2025	Year Ended December 31, 2024
Direct program funding	$ 6,170,632	$ 8,416,252
Construction funding	255,395	-
Forgiveness of note payable and related accrued interest	525,416	-
	$ 6,951,443	$ 8,416,252

Additionally, FLMI financed FLMZ construction projects related to the land, buildings, and infrastructure for the development of Legacy Hilltop Africa (The Lodge). As of September 30, 2025 and December 31, 2024, FMLZ owes FLMI $6,789,421 and $7,222,754, as it relates to this funding and this is reported as a note receivable on the consolidated statements of financial position. As of September 30, 2025 and December 31, 2024, interest receivable payable by FLMZ to FLMI totaled $2,054,133 and $1,918,649, respectively. During the nine months ended September 30, 2025 and the year ended December 31, 2024, FLMI reported receivable balances of $732,259 and $683,672, respectively, related to operating advances to The Lodge.

FLMI received approximately $324,000 and $466,000 of contributions from board members during the nine months ended September 30, 2025 and the year ended December 31, 2024, respectively.

11. COMMITMENT AND CONTINGENCIES:

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

12. FINANCIAL CONDITION:

FLMI partners with U.S.-based donors to support ministry operations in Lusaka, Zambia, where 11,300 vulnerable children were served during the nine months ended September 30, 2025. As a result, FLMI’s financial results are influenced by economic conditions in Zambia, including foreign exchange movements, governmental policies, public health concerns, and other regional and geopolitical factors affecting its related nonprofit organization, Family Legacy Missions Zambia (FLMZ).

In 2025, FLMI changed its fiscal year-end from December 31 to September 30 to better align financial reporting with its operating cycle, program timing and seasonal revenue patterns. Accordingly, the current reporting period reflects nine months of activity and excludes FLMI's peak giving season from October through December. As such, financial results for 2025 are not directly comparable to the results reported for the 12 months ending December 31, 2024.

Because the nine-month fiscal 2025 reporting period excluded peak giving months, management budgeted a net deficit of approximately $2,439,000. Actual results were approximately $505,000 favorable to budget, with a reported net deficit of approximately $1,934,000, primarily due to favorable foreign exchange rates. Although favorable foreign exchange rates reduced grant costs, FLMI fully met all funding commitments to FLMZ during the period without compromising the impact of its programs.

In fiscal year 2026, the favorable foreign exchange conditions experienced in 2025 reversed, resulting in increased pressure on projected results and liquidity. In response, management implemented a coordinated strategy focused on strengthening fundraising, reducing costs, and mitigating foreign exchange risk through hedging. As a result of these efforts, FLMI’s revised forecast for 2026 projects a net surplus of $79,500, compared to the budgeted surplus of $436,000. FLMI also maintains an undrawn $1,000,000 revolving line of credit, expected to renew in December 2026.

Based on these efforts, FLMI is well-positioned to manage existing risks while supporting long-term financial stability through diversified funding strategies and disciplined financial oversight. Management continues to monitor the maturity of the $1,500,000 note obligation maturing on March 31, 2027, as part of its liquidity planning, including the potential need to refinance or restructure the obligation prior to maturity. Management believes that anticipated cash flows from operations and available credit capacity shall provide sufficient flexibility to meet operational requirements and financial commitments over the next 12 months, as the organization advances its mission to serve Zambia’s most vulnerable children.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 2, 2026, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.