

INSTITUTE FOR CREATION RESEARCH

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2023

**Institute for Creation Research
Table of Contents
June 30, 2023**

	Page
INDEPENDENT AUDITORS' REPORT	1-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows.....	7
NOTES TO FINANCIAL STATEMENTS.....	8-18



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of Institute for Creation Research

Report on the Financial Statements

Opinion

We have audited the financial statements of Institute for Creation Research, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Institute for Creation Research as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Institute for Creation Research 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.

Change of Accounting Principle

As discussed in Note 1 to the financial statements, Institute for Creation Research has changed its method of accounting for leases as of July 1, 2022, due to the adoption of Accounting Standards Update No. 2016-02, *Leases* (Topic 842).

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Institute for Creation Research' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

A handwritten signature in black ink that reads "Salmon Sims Thomas". The signature is written in a cursive, flowing style.

Salmon Sims Thomas & Associates
A Professional Limited Liability Company

October 4, 2023

**Institute for Creation Research
Statement of Financial Position
June 30, 2023**

ASSETS

Current Assets

Cash and cash equivalents	\$ 8,288,259
Restricted cash - split-interest agreements	190,670
Miscellaneous receivable	2,250
Investments	3,656,561
Prepaid expenses	144,191
Inventory	639,359
Total Current Assets	12,921,290

Long Term Assets

Long-term investments - split-interest agreements	3,940,336
Property and equipment, net	33,461,003
Operating lease right-of-use asset	246,847
Total Long Term Assets	37,648,186

TOTAL ASSETS	\$ 50,569,476
--------------	---------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 48,244
Accrued liabilities	297,152
Revocable living trusts	44,568
Deferred revenue	61,213
Operating lease liability, current portion	63,546
Liabilities under split-interest agreements, current portion	279,778
Total Current Liabilities	794,501

Long Term Liabilities

Operating lease liability, net of current portion	183,301
Liabilities under split-interest agreements, net of current portion	1,726,754
Total Long Term Liabilities	1,910,055

TOTAL LIABILITIES	2,704,556
-------------------	-----------

Net Assets

<i>Without donor restrictions</i>	46,546,027
<i>With donor restrictions</i>	1,318,893
Total Net Assets	47,864,920

TOTAL LIABILITIES AND NET ASSETS	\$ 50,569,476
----------------------------------	---------------

The accompanying notes are an integral part of this financial statement.

Institute for Creation Research
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions of cash and other financial assets	\$ 9,233,169	\$ 1,017,804	\$ 10,250,973
Contributions of nonfinancial assets and services	615,160	1,450	616,610
Book sales revenue	752,861	-	752,861
Discovery Center revenue	607,152	-	607,152
Investment return	198,268	13	198,281
Change in value of split-interest agreements	5,089	74,611	79,700
Realized gain on investments	12,684	-	12,684
Unrealized gain on investments	64,547	-	64,547
Royalties and honoraria income	49,511	-	49,511
Other revenue	151,391	-	151,391
	<u>11,689,832</u>	<u>1,093,878</u>	<u>12,783,710</u>
Net assets released from restrictions	660,068	(660,068)	-
Total Revenues and Support	<u>12,349,900</u>	<u>433,810</u>	<u>12,783,710</u>
Expenses			
Program services			
Education	5,141,993	-	5,141,993
Research	1,129,729	-	1,129,729
Applied research and communications	2,821,693	-	2,821,693
Total program services	<u>9,093,415</u>	<u>-</u>	<u>9,093,415</u>
Supporting activities			
General and administrative	868,135	-	868,135
Fundraising	552,210	-	552,210
Total supporting activities	<u>1,420,345</u>	<u>-</u>	<u>1,420,345</u>
Total Expenses	<u>10,513,760</u>	<u>-</u>	<u>10,513,760</u>
Change in Net Assets	1,836,140	433,810	2,269,950
Net Assets, Beginning of Year	<u>44,709,887</u>	<u>885,083</u>	<u>45,594,970</u>
Net Assets, End of Year	<u>\$ 46,546,027</u>	<u>\$ 1,318,893</u>	<u>\$ 47,864,920</u>

The accompanying notes are an integral part of this financial statement.

**Institute for Creation Research
Statement of Functional Expenses
For the Year Ended June 30, 2023**

	Program Services			Supporting Activities		Total
	Education	Research	Applied Research/ Communications	General and Administrative	Fundraising	
Salaries and fringe benefits	\$ 1,612,286	\$ 865,049	\$ 1,594,777	\$ 566,462	\$ 270,640	\$ 4,909,214
Postage and freight	492,767	174	7,467	1,570	79,885	581,863
Printing	451,993	-	6,195	151	79,073	537,412
Professional services	177,240	3,275	113,041	58,636	-	352,192
Travel and hospitality	25,347	17,938	101,159	14,778	4,805	164,027
Information technology	55,510	4,552	5,728	4,625	1,724	72,139
Promotion and advertising	118,516	-	39,492	100	26,930	185,038
Cost of sales	314,289	-	20,509	-	-	334,798
Depreciation and amortization	1,085,804	89,037	112,038	90,449	33,724	1,411,052
Supplies	165,741	97,554	82,871	9,189	15,397	370,752
Other	18,407	540	14,528	14,679	5,242	53,396
Equipment rental	69,035	-	11,362	-	-	80,397
Utilities	111,796	9,991	19,501	5,239	2,962	149,489
Telephone	79,050	7,896	17,507	6,136	3,766	114,355
Maintenance	238,139	17,204	29,273	14,753	22,022	321,391
Credit card and bank charges	34,095	-	3,358	68,728	-	106,181
Insurance	81,133	16,026	25,443	8,561	6,040	137,203
Contributed radio air time	-	-	615,160	-	-	615,160
Contributed supplies	1,450	-	-	-	-	1,450
Royalties	8,420	-	500	-	-	8,920
Subscriptions	975	493	1,784	4,079	-	7,331
Total	\$ 5,141,993	\$ 1,129,729	\$ 2,821,693	\$ 868,135	\$ 552,210	\$ 10,513,760

The accompanying notes are an integral part of this financial statement.

**Institute for Creation Research
Statement of Cash Flows
For the Year Ended June 30, 2023**

Cash Flows From Operating Activities

Increase in Net Assets	\$ 2,269,950
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,411,052
Stock donations	(593,832)
Realized gain on sale of investments	(12,684)
Unrealized gain on investments	(64,547)
Interest and dividend, re-invested	(35,207)
Change in value of split-interest agreements investments	(188,395)
Change in cash and cash equivalents for charitable gift annuity accounts	7,114
Change in assets and liabilities:	
Prepaid expenses	(84,495)
Inventory	(124,256)
Accounts payable	(16,071)
Deferred revenue	(13,259)
Accrued liabilities	16,730
Net Cash Provided by Operating Activities	<u>2,572,100</u>

Cash Flows From Investing Activities

Purchase of property and equipment	(801,756)
Purchase of investments	(2,814,995)
Proceeds from sale of investments	606,480
Cash withdrawals from investments	362,546
Change in present value of living trust liabilities	(971)
Net Cash Used by Investing Activities	<u>(2,648,696)</u>

Net Decrease in Cash, Cash Equivalents, and Restricted Cash (76,596)

Cash, Cash Equivalents, and Restricted Cash, Beginning of Year 8,555,525

Cash, Cash Equivalents, and Restricted Cash, End of Year \$ 8,478,929

The accompanying notes are an integral part of this financial statement.

Institute for Creation Research
Notes to Financial Statements
June 30, 2023

Note 1: Organization and Summary of Accounting Policies

The summary of significant accounting policies of the Institute for Creation Research (“the Institute”) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Institute’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Organization

The Institute is a California nonprofit corporation headquartered in Dallas, Texas. The Institute was founded in 1970 and is a leader in scientific research within the context of biblical creation and biblical apologetics. As a research organization, the Institute conducts laboratory, field, theoretical, and library research projects that seek to understand the science of origins and Earth history. As an educational organization, the Institute offers formal courses of instruction, including graduate degree programs at the School of Biblical Apologetics, conducts seminars and conferences, produces, and presents radio programming, offers both live streaming and downloadable lectures on science topics, as well as other means of education. The Institute also offers educational services to the general public through its recently opened museum, the ICR Discovery Center for Science & Earth History (ICR Discovery Center). At the ICR Discovery Center, one can learn how science affirms biblical creation through engaging exhibits, stunning planetarium shows, and hearing live presentations by ICR scientists. The Institute also produces and publishes books, DVDs, periodicals, a full-color monthly magazine, a quarterly devotional booklet and other media for communicating the evidence and information confirming the authority and historicity of Scripture.

Cash, Cash Equivalents, and Restricted Cash

The Institute considers all investments with original maturity dates of ninety days or less to be cash equivalents. The Institute places its cash, which, at times, may exceed federally insured limits, with high-credit quality institutions. The Institute has not experienced any losses on such accounts. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

Cash and cash equivalents	\$ 8,288,259
Restricted cash - split-interest agreements	<u>190,670</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u><u>\$ 8,478,929</u></u>

The amounts included in restricted cash represent those required to be set aside by split-interest agreements for the payments to the grantor or other designated beneficiaries.

Institute for Creation Research
Notes to Financial Statements
June 30, 2023

Note 1: Organization and Summary of Accounting Policies (Continued)

Investments

Investments, consisting of fixed income, mutual funds, and certificate of deposit, are stated at fair value. Investment income consists of interest and dividend income, realized gains or losses, and unrealized gains or losses.

Inventory

Inventory consists of books, DVDs, shirts, educational toys, and other media, and is stated at the average cost basis.

Property, Equipment, and Depreciation

Property and equipment are stated at cost when purchased or fair value at the date the asset is donated, less accumulated depreciation and amortization. Major expenditures and those that substantially increase useful lives are capitalized, while maintenance and repairs which do not improve or extend the lives of the respective assets, are expensed when incurred. When property or equipment are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in the statement of activities and changes in net assets. Depreciation and amortization have been calculated using the straight-line method as follows:

Automobiles	5 years
Furniture and equipment	3 - 15 years
Building and improvements	15 - 40 years
Discovery Center	40 years

Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Institute and/or the passage of time.

Net Assets without donor restrictions - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value.

Institute for Creation Research
Notes to Financial Statements
June 30, 2023

Note 1: Organization and Summary of Accounting Policies (Continued)

Restricted and Unrestricted Contributions and Support

Contributions received are recorded with or without restriction, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as “net assets released from restrictions.”

Income Taxes

The Institute is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Institute has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Institute qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Institute’s exempt purpose is subject to tax under IRC Section 511.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include depreciation and amortization, contributed non-financial assets, value of split-interest agreements, and the functional allocation of expenses. Actual results could vary from estimates.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of activities or accrued in the statement of financial position. Federal tax returns of the entity are generally open to examination by the relevant taxing authority for a period of three years from the date the returns are filed.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to either program, supporting, or fundraising functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocations are based on time and effort spent in each area or square footage where applicable. The expenses that are allocated include salaries and fringe benefits, depreciation and amortization, and professional services. All other natural expense categories using the key concept of direct conduct or direct supervision are 100% charged to the benefiting program, support, or fundraising service.

Institute for Creation Research
Notes to Financial Statements
June 30, 2023

Note 1: Organization and Summary of Accounting Policies (Continued)

Advertising Costs

Advertising costs are expensed as incurred. The Institute expended \$185,038 promoting the Discovery Center, seminars, and other institutional events for the year ended June 30, 2023.

Collections

Collections consist of historical artifacts that are held for educational purposes. These artifacts are preserved and cared for, and records of each item are maintained. Collections are capitalized at cost if purchased and at fair value on the date of the gift, if donated.

Revocable Living Trusts

The Institute is the trustee for certain revocable trusts which are included in the financial statements under revocable living trusts. Revenue is not recognized on these trusts until the trusts become irrevocable or the assets are distributed to the Institute for its unconditional use. Until revenue is recognized, the Institute records a liability to offset the trust assets which are included in the long-term investments – split-interest agreements in the accompanying statement of financial position.

Split-Interest Agreements

The Institute has entered into charitable gift annuity agreements. Under these agreements a donor contributes assets to the Institute in exchange for the right to receive a fixed dollar annual return during the donor's lifetime. A portion of the transfer is a charitable contribution for income tax purposes to the donor. 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 contribution at the date of the gift. The liabilities, which are reflected as a part of liabilities under split-interest agreements, are revalued annually using a discount rate established at the inception of the agreement and appropriate actuarial assumptions. Actuarial changes and annuity payments are reported as a change in value of future payments under its charitable gift annuity contracts as required by governing state laws. The Institute maintains separate reserve funds to meet future payments under its charitable gift annuity contracts as required by state laws. The total amount held in separate reserve funds was \$2,586,351 at June 30, 2023.

Institute for Creation Research
Notes to Financial Statements
June 30, 2023

Note 1: Organization and Summary of Accounting Policies (Continued)

Split-Interest Agreements (Continued)

As trustee, the Institute administers irrevocable charitable trusts. These trusts provide the payment of lifetime distributions to the grantor or other designated beneficiaries. The present value of the lifetime beneficiaries' interests is reflected as liabilities under split-interest agreements on the statement of financial position using federal discount and mortality tables. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to the designated remainderman. The present value of the Institute's remainder interest is reported as contributions with donor restrictions in the period received, and as a reclassification to net assets without donor restrictions when released, unless specified for a restricted purpose. Actuarial changes, annuity payments, matured agreements, investment income and unrealized gains and losses are reported as a change in value of split-interest agreements in the statement of activities and changes in net assets. The portion attributable to other remaindermen is reflected as a part of liabilities under split-interest agreements on the statement of financial position. The total value of liabilities under split-interest agreements at June 30, 2023 was \$2,006,532.

Fair Value of Financial Instruments

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access.

- Level 2 Inputs to the valuation methodology include
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

Institute for Creation Research
Notes to Financial Statements
June 30, 2023

Note 1: Organization and Summary of Accounting Policies (Continued)

Fair Value of Financial Instruments (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. For the year ended June 30, 2023, there were no significant transfers between levels.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at June 30, 2023.

Fixed Income: Traded on national securities exchanges and are valued at the closing price on the last business day of the fiscal year.

Mutual Funds: Traded on national securities exchanges and are valued at the closing price on the last business day of the fiscal year.

Certificate of deposit: As observable inputs are available other than quoted market prices, these are classified as Level 2.

Irrevocable Split-Interest Arrangements: Charitable gift annuities, charitable remainder trusts and similar arrangements in which the Institute is trustee or custodian, conform to GAAP which generally requires investment securities be carried at estimated fair value. Assets are invested in mutual funds traded on national securities exchanges and are valued at the closing price on the last business day of the fiscal year.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Institute believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Leases

The Institute determines if a contract is classified as a lease at the contract's inception. Lease agreements are evaluated to determine whether the lease is a finance or operating lease. Right-of-use (ROU) assets and lease liabilities are recognized at the implementation date or lease commencement date based on the net present value of lease payments over the remaining lease term. The Institute's leases do not provide an implicit rate; therefore, the Institute has elected to use a risk-free rate as its incremental borrowing rate, based on the information available at the implementation or commencement date to determine the present value of the lease payments over the remaining lease term. Leases with an initial term of 12 months or less are not recorded on the accompanying statement of financial position and are recognized as lease expense on a straight-line basis over the lease term.

Institute for Creation Research
Notes to Financial Statements
June 30, 2023

Note 1: Organization and Summary of Accounting Policies (Continued)

Accounting Pronouncement Adopted in 2023

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which introduced a lessee model that requires the majority of leases to be recognized on the statement of financial position. On July 1, 2022, the Institute adopted the ASU using the modified retrospective transition approach and elected the transition option to recognize the adjustment in the period of adoption rather than in the earliest period presented. Adoption of the new guidance resulted in ROU assets and liabilities.

As part of the adoption process, the Institute made the following elections:

- It elected the hindsight practical expedient, for all leases.
- It elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classifications and initial direct costs for all leases.
- It elected to make the accounting policy election for short-term leases resulting in lease payments being recorded as an expense on a straight-line basis over the lease term.

Refer to Note 8 for further disclosures regarding the impact of adopting this standard.

Revenue Recognition

The Institute receives revenue for services that is recognized when the control of the promised service is transferred to customers in an amount that reflects the consideration the Institute expects to be entitled to receive in exchange for those services under ASU 2014-09, *Revenue from Contracts with Customers*. The Institute's service revenue includes retail product sales, the Discovery Center ticket sales, and annual membership fees. Retail products sales and the Discovery Center tickets sales are recognized when the sale or transaction occurs; annual membership fees are recognized over the term of applicable memberships.

The Institute also determined there were no conditional contributions received for the year ended June 30, 2023.

Date of Management's Review

Subsequent events have been evaluated for potential recognition or disclosure through October 4, 2023, which is the date the financial statements were available to be issued.

Institute for Creation Research
Notes to Financial Statements
June 30, 2023

Note 2: Investments/ Charitable Gift Reserve

Investments at June 30, 2023 consisted of the following:

Mutual funds	\$ 4,708,490
Fixed income securities	353,200
Certificate of deposit	2,535,207
Total investments	\$ 7,596,897

Note 3: Fair Value Measurements

Fair value of assets and liabilities measured on a recurring basis at June 30, 2023 are as follows:

	Assets and Liabilities at Fair Value			
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 4,708,490	\$ 4,708,490	\$ -	\$ -
Fixed income securities	353,200	353,200	-	-
Certificate of deposit	2,535,207	-	2,535,207	-
Total investments	\$ 7,596,897	\$ 5,061,690	\$ 2,535,207	\$ -
Revocable living trusts	\$ -	\$ -	\$ 44,568	\$ -
Split-interest agreements	-	-	2,006,532	-
Liabilities for annuities and trusts	\$ -	\$ -	\$ 2,051,100	\$ -

Note 4: Net Assets

At June 30, 2023, net assets with restrictions consisted of the following:

Subject to time or donor restriction	
Estimated future trust benefits	\$ 734,901
Other institute projects	580,133
Funds in perpetuity	
Educational purposes	3,859
	\$ 1,318,893

**Institute for Creation Research
Notes to Financial Statements
June 30, 2023**

Note 4: Net Assets (Continued)

Net assets released from restrictions during the year ended June 30, 2023 were as follows:

Other institute projects	\$	660,068
--------------------------	----	---------

Note 5: Retirement Plan

The Institute maintains a 401(k) retirement plan (“the Plan”) for the benefit of its employees. Eligible employees may make elective deferral contributions to the Plan. The Institute makes non-discretionary contributions equal to 6% of each employee’s compensation to the Plan. The Institute contributed \$187,804 to the Plan for the year ended June 30, 2023.

Note 6: Contributed Nonfinancial Assets and Services

For the year ended June 30, 2023, contributed nonfinancial assets and services recognized within the statement of activities and changes in net assets included following:

Item	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Technique and Inputs
Air time	\$ 615,160	Applied research/communication program	No associated donor restrictions	Management estimated the fair value based on comparable costs of airing the programs on similar radio stations.
Donated supplies	1,450	Education	Restricted to be used for the Discovery Center.	Management estimated the fair value on the basis of estimates of retail values that would be received for purchasing similar products.
Total	\$ 616,610			

Institute for Creation Research
Notes to Financial Statements
June 30, 2023

Note 7: Property and Equipment

Property and equipment consisted of the following at June 30, 2023:

Land	\$ 2,476,069
Building and improvements	3,898,489
Furniture and equipment	1,199,457
Collections	440,802
Discovery Center	31,832,641
Total property and equipment	39,847,458
Less: Accumulated depreciation	(6,386,455)
Property and equipment, net	\$ 33,461,003

Note 8: Commitments

Operating Leases

The Institute has entered into three noncancelable operating lease commitments for certain office equipment which expire in years ending June 30, 2027 through 2028. The Institute's weighted average remaining lease term related to its operating leases is 3.65 years, with a weighted average discount rate of 3.00%. Lease expense under these obligations for the year ended June 30, 2023 was \$67,044.

Future minimum lease payments required under these operating lease agreements are as follows:

2024	\$ 70,680
2025	70,680
2026	70,680
2027	38,340
2028	5,000
2029 and thereafter	-
Total future lease payments	255,380
Less interest	(8,533)
Present value of lease liability	\$ 246,847

Short-term lease expense for the year ended June 30, 2023 was \$13,353.

Institute for Creation Research
Notes to Financial Statements
June 30, 2023

Note 9: Related Party Transaction

For the year ended June 30, 2023, approximately 10% of contributions were from certain board members.

Note 10: Liquidity

The Institute has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Institute has a goal to maintain financial assets, which consists of cash on hand to meet normal operating expenses.

In addition, the Institute is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Institute must maintain sufficient resources to meet those responsibilities to its donors. Thus, these financial assets may not be available for general expenditures within one year.

The following reflects the Institute's financial assets, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions, within one year of the statement of financial position date.

Financial assets available at June 30, 2023	\$ 11,947,070
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Subject to appropriation and satisfaction of donor restrictions	(580,133)
Restricted by donor for perpetual use	<u>(3,859)</u>
Financial assets available to meet cash needs	
for general expenditures within one year	<u>\$ 11,363,078</u>

The Institute is party to split-interest agreements in which donors contribute assets in exchange for a fixed dollar annual return. Investments of \$4,131,006 are restricted for such purposes and are therefore not included in the quantitative information above. See Note 1 for additional information.