

FREE TO CHOOSE[®]

N E T W O R K

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

FREE TO CHOOSE NETWORK, INC.
TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT 1

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Financial Position..... 3

Consolidated Statement of Activities and Changes in Net Assets - 2025 4

Consolidated Statement of Activities and Changes in Net Assets - 2024 5

Consolidated Statement of Functional Expenses - 2025..... 6

Consolidated Statement of Functional Expenses - 2024 7

Consolidated Statements of Cash Flows 8

Notes to Consolidated Financial Statements 9

SUPPLEMENTARY INFORMATION

Consolidating Statement of Financial Position - 2025 17

Consolidating Statement of Financial Position - 2024 18

Consolidating Statement of Activities and Changes in Net Assets - 2025..... 19

Consolidating Statement of Activities and Changes in Net Assets - 2024..... 20

Consolidating Statement of Cash Flows - 2025..... 21

Consolidating Statement of Cash Flows - 2024..... 22



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Independent Auditor's Report

To the Board of Directors of
Free To Choose Network, Inc.
Erie, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of Free To Choose Network, Inc. (Organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2025 and 2024, and the changes in its assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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; this includes 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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, including omissions, 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 the Organization'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 the Organization'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP
Erie, Pennsylvania
February 3, 2026

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,885,283	\$ 908,823
Accounts Receivable	32,173	15,335
Unconditional Promises to Give, Current	400,000	400,000
Inventory	68,810	73,567
Prepaid Expenses	40,441	16,366
Other Assets	4,285	1,308
TOTAL CURRENT ASSETS	2,430,992	1,415,399
PROPERTY AND EQUIPMENT, NET	1,155,063	1,163,816
UNCONDITIONAL PROMISES TO GIVE, NET OF CURRENT PORTION AND DISCOUNT	693,345	1,019,246
OTHER ASSETS		
Operating Lease Right-of-Use Asset	222,397	68,531
TOTAL OTHER ASSETS	222,397	68,531
TOTAL ASSETS	\$ 4,501,797	\$ 3,666,992
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 38,317	\$ 58,961
Accrued Expenses	64,491	16,681
Short-Term Lease Liability	75,087	71,037
Deferred Revenue	25,350	-
TOTAL CURRENT LIABILITIES	203,245	146,679
NON-CURRENT LIABILITIES		
Long-Term Lease Liability	147,309	-
TOTAL NON-CURRENT LIABILITIES	147,309	-
TOTAL LIABILITIES	350,554	146,679
NET ASSETS		
Without Donor Restrictions	1,217,171	962,345
With Donor Restrictions	2,934,072	2,557,968
TOTAL NET ASSETS	4,151,243	3,520,313
TOTAL LIABILITIES AND NET ASSETS	\$ 4,501,797	\$ 3,666,992

See notes to consolidated financial statements.

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
REVENUES			
Donations and Contributions	\$ 3,229,270	\$ 1,216,121	\$ 4,445,391
Charges for Services	184,470	-	184,470
Interest Income	28,193	-	28,193
Miscellaneous	9,402	-	9,402
TOTAL REVENUES	3,451,335	1,216,121	4,667,456
Net Assets Released from Restrictions	840,017	(840,017)	-
TOTAL REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS	4,291,352	376,104	4,667,456
EXPENSES			
Program	3,078,752	-	3,078,752
Management and General	553,578	-	553,578
Fundraising	404,196	-	404,196
TOTAL EXPENSES	4,036,526	-	4,036,526
CHANGE IN NET ASSETS	254,826	376,104	630,930
NET ASSETS, BEGINNING OF YEAR	962,345	2,557,968	3,520,313
NET ASSETS, END OF YEAR	\$ 1,217,171	\$ 2,934,072	\$ 4,151,243

See notes to consolidated financial statements.

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
REVENUES			
Donations and Contributions	\$ 2,062,822	\$ 2,367,447	\$ 4,430,269
Charges for Services	126,285	-	126,285
Interest Income	24,277	-	24,277
Miscellaneous	10,663	-	10,663
TOTAL REVENUES	2,224,047	2,367,447	4,591,494
Net Assets Released from Restrictions	1,955,483	(1,955,483)	-
TOTAL REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS	4,179,530	411,964	4,591,494
EXPENSES			
Program	3,211,062	-	3,211,062
Management and General	476,997	-	476,997
Fundraising	318,899	-	318,899
TOTAL EXPENSES	4,006,958	-	4,006,958
CHANGE IN NET ASSETS	172,572	411,964	584,536
NET ASSETS, BEGINNING OF YEAR	789,773	2,146,004	2,935,777
NET ASSETS, END OF YEAR	\$ 962,345	\$ 2,557,968	\$ 3,520,313

See notes to consolidated financial statements.

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 760,387	\$ 257,156	\$ 243,952	\$ 1,261,495
Payroll Taxes and Benefits	172,436	80,680	11,526	264,642
Total Salaries and Related Expenses	932,823	337,836	255,478	1,526,137
Consulting	577,270	-	-	577,270
Legal and Professional	76,776	56,925	5,630	139,331
Bank Fees and Charges	-	9,341	-	9,341
Dues and Subscriptions	-	6,200	8,380	14,580
Facility Expenses	56,798	-	-	56,798
Amortization and Depreciation	12,838	8,487	-	21,325
Office Equipment	10,735	4,170	3,511	18,416
Rent	49,681	17,743	3,549	70,973
Shipping	18,348	3,621	547	22,516
Supplies	7,196	6,016	1,000	14,212
Utilities	24,174	4,149	2,331	30,654
Vehicle Expense	3,378	2,252	-	5,630
Travel	131,764	39,928	76,415	248,107
Internet and Computer Expense	156,235	6,448	560	163,243
Advertising	219,799	-	-	219,799
Printing	19,561	-	24,162	43,723
Production Services - Broadcast	729,586	-	-	729,586
Post Production Services	3,861	-	-	3,861
Conferences	36,434	-	22,633	59,067
Bad Debts	478	-	-	478
Insurance	10,629	36,924	-	47,553
Miscellaneous	388	13,538	-	13,926
Total Expenses	\$ 3,078,752	\$ 553,578	\$ 404,196	\$ 4,036,526

See notes to consolidated financial statements.

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 811,948	\$ 164,851	\$ 165,672	\$ 1,142,471
Payroll Taxes and Benefits	133,410	76,904	12,036	222,350
Total Salaries and Related Expenses	945,358	241,755	177,708	1,364,821
Consulting	706,519	-	23,146	729,665
Legal and Professional	17,629	50,481	-	68,110
Bank Fees and Charges	-	7,524	-	7,524
Dues and Subscriptions	-	9,587	4,523	14,110
Facility Expenses	98,121	-	-	98,121
Fundraising	-	-	26	26
Amortization and Depreciation	23,195	15,463	-	38,658
Office Equipment	4,074	1,968	1,358	7,400
Rent	50,177	17,920	3,584	71,681
Shipping	23,065	4,211	-	27,276
Supplies	12,697	16,208	1,324	30,229
Utilities	16,459	4,187	4,187	24,833
Vehicle Expense	993	1,699	1,657	4,349
Travel	143,769	-	47,338	191,107
Internet and Computer Expense	141,260	8,803	558	150,621
Advertising	283,722	-	-	283,722
Printing	608	-	14,008	14,616
Production Services - Broadcast	641,419	-	-	641,419
Post Production Services	31,881	-	-	31,881
Video Expense	6,005	-	-	6,005
Conferences	53,628	-	39,482	93,110
Insurance	10,483	37,545	-	48,028
Miscellaneous	-	59,646	-	59,646
Total Expenses	\$ 3,211,062	\$ 476,997	\$ 318,899	\$ 4,006,958

See notes to consolidated financial statements.

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions, Sales and Other Income	\$ 4,976,040	\$ 3,224,915
Interest Received	28,193	24,277
Cash Paid to Suppliers and Employees	(4,015,201)	(3,909,576)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	989,032	(660,384)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Fixed Assets	-	73,600
Purchase of Fixed Assets	(12,572)	(56,860)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(12,572)	16,740
NET CHANGE IN CASH AND CASH EQUIVALENTS	976,460	(643,644)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	908,823	1,552,467
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,885,283</u>	<u>\$ 908,823</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATIONS		
Change in Net Assets	\$ 630,930	\$ 584,536
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities		
Depreciation and Amortization	21,325	38,658
Change in Value of Other Asset		
(Gain) Loss on Disposal of Fixed Assets	-	58,724
Amortization of Right-of-Use Asset		
Decrease (Increase) in		
Accounts Receivable	(16,838)	3,783
Promise to Give	325,901	(1,419,246)
Inventory	4,757	2,494
Prepaid Expenses	(24,075)	43,782
Operating Right-of-Use Asset	(153,866)	66,568
Other Assets	(2,977)	(655)
Increase (Decrease) in		
Accounts Payable	(20,644)	13,482
Accrued Expenses	47,810	16,304
Operating Lease Liabilities	151,359	(65,314)
Deferred Revenue	25,350	(3,500)
Total Adjustments	358,102	(1,244,920)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 989,032</u>	<u>\$ (660,384)</u>
SUPPLEMENTAL CASH FLOWS INFORMATION		
Operating Lease Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	<u>\$ 222,397</u>	<u>\$ 68,531</u>

See notes to consolidated financial statements.

FREE TO CHOOSE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Free To Choose Network, Inc. and izzit.org (“the Organization”) are presented to assist in understanding the Organization’s consolidated financial statements. The consolidated financial statements and notes are representations of the Organization’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 and have been consistently applied in the preparation of the consolidated financial statements.

Nature of Organization

Free To Choose Network (“FTCN”) is a global media 501(c)(3) nonprofit organization that produces and distributes documentary films for public television and internet distribution, which may be distributed through a variety of venues. The mission of the Organization is to use accessible and engaging media to persuade others that individuals and societies flourish when we’re all free to choose how best to live our lives and pursue our happiness in an ethical manner.

Capitaf Partners, LLC (“Capitaf, LLC”) is an educational institute used to perpetuate Milton Friedman’s legacy by providing a space for practical application of Friedman’s ideas on public policy issues. Free To Choose Network is the operating manager of Capitaf Partners, LLC and has a majority ownership in the LLC.

izzit.org (“izzit.org”) is a separate 501(c)(3) educational nonprofit entity that began as an initiative of Free To Choose Network to offer video-based teaching materials to educators at no cost. izzit.org’s mission is to present and explore moral and social choices for living flourishing lives. Free To Choose Network continues to produce educational videos to license to izzit.org.

Basis of Accounting

Assets, liabilities, revenues, and expenses are recognized on the accrual method of accounting for financial statement presentation purposes.

Principles of Consolidation

Due to Free To Choose Network’s support of izzit.org, the accounts of Free To Choose Network and izzit.org have been consolidated. Capitaf Partners, LLC’s accounts have also been consolidated with Free To Choose Network due to a majority ownership in Capitaf Partners, LLC. All material intercompany accounts and transactions have been eliminated in consolidation.

Net Assets

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

FREE TO CHOOSE NETWORK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated 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

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. The balance, at times, may exceed federally insured limits. At June 30, 2025, the Organization's cash accounts did not exceeded federally insured limits.

Receivables and Allowance for Credit Losses

Accounts receivable are stated at the amount management expects to collect from outstanding receivables. Accounts receivable consist primarily of contracts with customers for usage of the Capital property. The Organization determines the allowance for expected credit losses based on historical experience, an assessment of economic conditions, and a review of subsequent collections. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant. Accounts receivables are written off when deemed uncollectable.

The allowance for credit losses was deemed not to be material by management, therefore, no allowance for credit losses has been recorded for the years ended June 30, 2025 and 2024.

The following table provides information about the Organization's receivables from contracts with customers for the respective years:

	<u>2025</u>	<u>2024</u>
Accounts Receivable, Beginning Balance	\$ 15,335	\$ 19,118
Accounts Receivable, Ending Balance	\$ 32,173	\$ 15,335

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation or, if donated, at the approximate fair value at the date of donation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

	<u>Years</u>
Equipment, Furniture and Fixtures	5 - 20 Years
Vehicles	5 Years

Inventory

Inventories consist of film media and educational materials, and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

FREE TO CHOOSE NETWORK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses present the natural classification of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the time and effort and other methods.

Federal Income Tax Status

Free to Choose Network, Inc. and izzit.org are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as charitable organizations; whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. These entities currently have no unrelated business income. Accordingly, no provision for income taxes has been recorded. Interest and penalties related to income tax reporting are recognized when incurred and are included in general and administrative expenditures on the consolidated statements of activities and change in net assets.

Activity from Capitaf, LLC, a wholly-owned entity of the Organization, is subject to the applicable taxes. Interest and penalties related to income tax reporting would be recognized if incurred and would be included as an expense in the consolidated statements of activities and changes in net assets. The Capitaf's returns are subject to audit by various taxing authorities. The Organization follows the topic of *Income Taxes* from the FASB ASC with regard to the accounting and recognition of income tax positions taken or expected to be taken in the Organization's tax returns.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Contributions and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions.

The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, long-lived assets, and services	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, contributions of unconditional gifts to be collected in future years are also recognized each year as the present-value discount is amortized using the level-yield method.

FREE TO CHOOSE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Contributed Nonfinancial Assets

Contributions of nonfinancial assets consist of contributions of services provided and in-kind contributions. These services are recognized at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated. The Organization uses the estimated fair value to record certain in-kind donations as either property and equipment or expense in its financial statements, and similarly increase contribution revenue by a like amount. There were no contributed nonfinancial assets for the years ended June 30, 2025 and 2024.

Revenue Recognition

The Organization has two revenue streams that are accounted for as reciprocal exchange transactions: sales of educational material and Capitaf usage events revenues.

Educational Material Revenue

The Organization recognizes revenue from the sale of certain educational materials, including short videos. The Organization recognizes revenues as the customer pays and takes possession of the merchandise. Some merchandise is sold with the right of return. If probable customer returns exist at the end of an accounting period, the Organization estimates and records in its consolidated financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of June 30, 2025 and 2024.

Capitaf Usage Events

The Organization recognizes revenue for events held at the Capitaf facilities. All usage agreements are for durations of less than one year. Revenue is recognized at the point in time when the event takes place, as that is when the Organization's sole obligation to perform is satisfied and when the barriers are overcome. Payments for events are generally required to be made when registering for the event. No liability for probable customer returns was considered necessary as of June 30, 2025 and 2024.

Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

The Organization elected to use the portfolio approach provided (606-10-10-4) to evaluate contracts. As a practical expedient, the portfolio approach may be applied to a portfolio of contracts (or performance obligations) with similar characteristics. The Organization reasonably expects that the effects of applying this guidance to the portfolio would not differ materially from applying the guidance to the individual contracts (or performance obligations) within the portfolio.

The Organization elected the practical expedient (606-10-32-18), which allows the Organization to recognize the promised amount of consideration without adjusting for the time value of money for contracts that have a duration of one year or less.

FREE TO CHOOSE NETWORK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising for June 30, 2025 and 2024 amounted to \$219,799 and \$283,722, respectively.

Reclassification

Certain 2024 amounts have been reclassified in the consolidated financial statements in order for them to provide comparable presentation between years. The restatement had no effect on the change in net assets.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure as of February 3, 2026, the date the consolidated financial statements were available to be issued.

NOTE B LIQUIDITY AND AVAILABILITY

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

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 1,885,283	\$ 908,823
Accounts Receivable	32,173	15,335
Promise to Give, Current	400,000	400,000
Other Assets	4,285	1,308
	<u>2,321,741</u>	<u>1,325,466</u>
Net Assets with Purpose Restrictions	<u>(1,838,100)</u>	<u>(1,138,722)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 483,641</u>	<u>\$ 186,744</u>

NOTE C PROPERTY AND EQUIPMENT

Property and equipment at June 30 consists of:

	<u>2025</u>	<u>2024</u>
Equipment, Furniture and Fixtures	\$ 123,319	\$ 110,747
Vehicles	72,800	72,800
Land - Capitaf, LLC	1,075,000	1,075,000
	<u>1,271,119</u>	<u>1,258,547</u>
Less Accumulated Depreciation	<u>(116,056)</u>	<u>(94,731)</u>
	<u>\$ 1,155,063</u>	<u>\$ 1,163,816</u>

FREE TO CHOOSE NETWORK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D LEASE COMMITMENT

The Organization leases its operating facilities from Blue Group Properties, LLC (Blue Group), a Pennsylvania limited liability company, under a long-term, non-cancellable operating lease agreement. A determination of whether a contract contains a lease is made at the inception of the arrangement. The lease term expired on June 30, 2025, but allows for renewal options at the discretion of Blue Group. The organization did renew the lease for the 3 year renewal option. The lease now expires June 30, 2028. Lease payments were \$5,685 per month through June 30, 2024, and \$5,998 per month through June 30, 2025.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The leases do not provide an implicit rate and, therefore, the Organization used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2025:

2026	\$	76,559
2027		78,864
2028		<u>81,240</u>
Total Future Minimum Lease Payments		236,663
Less Present Value Discount		<u>(14,267)</u>
Total	\$	<u><u>222,396</u></u>

Other information related to leases for the years ended June 30 as follows:

	<u>2025</u>	<u>2024</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 71,976	\$ 69,263
Weighted Average Remaining Lease Term - Operating Leases	3 Years	1 Year
Weighted Average Discount Rate - Operating Leases	4.26%	2.88%

NOTE E RETIREMENT PLAN

The Organization has a Simple IRA plan covering substantially all employees. The Organization contributes up to 3% of gross pay for each employee that participates. Contributions to this plan were \$23,491 and \$21,267 for June 30, 2025 and 2024, respectively.

FREE TO CHOOSE NETWORK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F NET ASSETS AND RESTRICTIONS

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Time Restricted		
Promise to Give	\$ 1,093,345	\$ 1,419,246
Purpose Restricted		
Film Production	1,838,100	1,138,722
izzit.org	<u>2,627</u>	<u>-</u>
Total Net Assets with Donor Restrictions	<u>\$ 2,934,072</u>	<u>\$ 2,557,968</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2025</u>	<u>2024</u>
Film Production	\$ 839,644	\$ 1,942,159
izzit.org	<u>373</u>	<u>13,324</u>
Total Net Assets Released from Restriction	<u>\$ 840,017</u>	<u>\$ 1,955,483</u>

NOTE G RELATED PARTY TRANSACTIONS

As described in Note A, izzit.org is a nonprofit entity created and controlled by Free To Choose Network, Inc., that offers no-cost educational materials to educators. Related party transactions between izzit.org and Free To Choose Network, Inc. include reimbursement of direct expenses, as well as payment of an administrative overhead fee pursuant to the Service Partnership Agreement (Agreement) between izzit.org and Free To Choose Network, Inc., effective July 1, 2022. The Agreement states that Free To Choose Network, Inc. will provide general administrative services to assist izzit.org with creating, publishing, and disseminating video, audio, and written content that will advance izzit.org and Free To Choose Network, Inc.'s charitable and educational purposes. izzit.org will pay Free To Choose Network, Inc. for shared expenses based on an agreed-upon percentage of various operating costs incurred by Free To Choose Network, Inc. each month. Intercompany transactions for 2024 totaled \$754,917, of which \$267,972 was paid during the year. This left a total remaining balance due to Free To Choose Network, Inc. of \$1,350,594. During the year ended June 30, 2024, the Free To Choose Network, Inc.'s Board of Directors approved the cancellation of this remaining balance owed from izzit.org to Free To Choose Network, Inc. During the year ended June 30, 2025, intercompany transactions totaled \$748,485, all of which was not paid during the year. This left a total remaining balance due to Free To Choose Network, Inc. of \$748,485. During the year ended June 30, 2025, the Free To Choose Network, Inc.'s Board of Directors approved the cancellation of this remaining balance owed from izzit.org to Free To Choose Network, Inc. All related party transactions were eliminated as part of the consolidation for financial statement purposes.

FREE TO CHOOSE NETWORK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H UNCONDITIONAL PROMISE TO GIVE

At June 30, 2025, the estimated unconditional promise to give balance from an estate totaled \$1,174,674, which is net of projected legal and other expenses, and includes an estimated 8.5% interest accrual. \$400,000 of this balance is expected to be received in 2026. The unconditional promise to give balance as reported in the consolidated statements of financial position is net of a present value discount, calculated as follows:

	<u>2025</u>	<u>2024</u>
Unconditional Promise to Give	\$ 1,174,674	\$ 1,574,674
Less: Discounts to Net Present Value	<u>(81,329)</u>	<u>(155,428)</u>
Net Unconditional Promise to Give	<u>\$ 1,093,345</u>	<u>\$ 1,419,246</u>

NOTE I CONCENTRATIONS

Revenue

For the year ended June 30, 2025, Free to Choose Network, Inc. received material contributions from two donors totaling \$1,250,000, which represents 27% of total revenues.

SUPPLEMENTARY INFORMATION

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2025

	<u>FTCN</u>	<u>izzit.org</u>	<u>Capitaf, LLC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 1,235,381	\$ 649,611	\$ 291	\$ -	\$ 1,885,283
Accounts Receivable	32,173	-	-	-	32,173
Unconditional Promise to Give, Current	400,000	-	-	-	400,000
Inventory	68,810	-	-	-	68,810
Prepaid Expenses	28,644	11,797	-	-	40,441
Other Current Assets	4,239	46	-	-	4,285
TOTAL CURRENT ASSETS	1,769,247	661,454	291	-	2,430,992
PROPERTY AND EQUIPMENT, NET	80,063	-	1,075,000	-	1,155,063
UNCONDITIONAL PROMISE TO GIVE, NET OF CURRENT PORTION AND DISCOUNT	693,345	-	-	-	693,345
OTHER ASSETS					
Operating Lease Right-of-Use Asset	222,397	-	-	-	222,397
Investment in Capitaf Partners, LLC	867,558	-	-	(867,558)	-
TOTAL OTHER ASSETS	1,089,955	-	-	(867,558)	222,397
TOTAL ASSETS	\$ 3,632,610	\$ 661,454	\$ 1,075,291	\$ (867,558)	\$ 4,501,797
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 37,997	\$ 320	\$ -	\$ -	\$ 38,317
Accrued Expenses	56,874	7,617	-	-	64,491
Short-Term Lease Liability	75,087	-	-	-	75,087
Deferred Revenue	25,350	-	-	-	25,350
TOTAL CURRENT LIABILITIES	195,308	7,937	-	-	203,245
NON-CURRENT LIABILITIES					
Long-Term Lease Liability	147,309	-	-	-	147,309
TOTAL NON-CURRENT LIABILITIES	147,309	-	-	-	147,309
TOTAL LIABILITIES	342,617	7,937	-	-	350,554
NET ASSETS					
Without Donor Restrictions	358,548	650,890	1,075,291	(867,558)	1,217,171
With Donor Restrictions	2,931,445	2,627	-	-	2,934,072
TOTAL NET ASSETS	3,289,993	653,517	1,075,291	(867,558)	4,151,243
TOTAL LIABILITIES AND NET ASSETS	\$ 3,632,610	\$ 661,454	\$ 1,075,291	\$ (867,558)	\$ 4,501,797

See independent auditor's report.

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2024

	<u>FTCN</u>	<u>izzit.org</u>	<u>Capitaf, LLC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 900,606	\$ 7,926	\$ 291	\$ -	\$ 908,823
Accounts Receivable	15,335	-	-	-	15,335
Unconditional Promise to Give, Current	400,000	-	-	-	400,000
Inventory	73,567	-	-	-	73,567
Prepaid Expenses	13,966	2,400	-	-	16,366
Other Current Assets	1,308	-	-	-	1,308
TOTAL CURRENT ASSETS	1,404,782	10,326	291	-	1,415,399
PROPERTY AND EQUIPMENT, NET	88,816	-	1,075,000	-	1,163,816
UNCONDITIONAL PROMISE TO GIVE, NET OF CURRENT PORTION AND DISCOUNT	1,019,246	-	-	-	1,019,246
OTHER ASSETS					
Operating Lease Right-of-Use Asset	68,531	-	-	-	68,531
Investment in Capitaf Partners, LLC	867,558	-	-	(867,558)	-
TOTAL OTHER ASSETS	936,089	-	-	(867,558)	68,531
TOTAL ASSETS	\$ 3,448,933	\$ 10,326	\$ 1,075,291	\$ (867,558)	\$ 3,666,992
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	\$ 42,743	\$ 16,218	\$ -	\$ -	\$ 58,961
Accrued Expenses	12,970	3,711	-	-	16,681
Short-Term Lease Liability	71,037	-	-	-	71,037
TOTAL CURRENT LIABILITIES	126,750	19,929	-	-	146,679
TOTAL LIABILITIES	126,750	19,929	-	-	146,679
NET ASSETS					
Without Donor Restrictions	764,215	(9,603)	1,075,291	(867,558)	962,345
With Donor Restrictions	2,557,968	-	-	-	2,557,968
TOTAL NET ASSETS	3,322,183	(9,603)	1,075,291	(867,558)	3,520,313
TOTAL LIABILITIES AND NET ASSETS	\$ 3,448,933	\$ 10,326	\$ 1,075,291	\$ (867,558)	\$ 3,666,992

See independent auditor's report.

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

	FTCN		izzit.org		Capitaf, LLC	Eliminations	Total		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	
OPERATING ACTIVITIES									
SUPPORT AND REVENUE									
Donations and Contributions	\$ 2,345,126	\$ 1,213,121	\$ 1,632,629	\$ 3,000	\$ -	\$ (748,485)	\$ 3,229,270	\$ 1,216,121	\$ 4,445,391
Charges for Services	485,417	-	408	-	-	(301,355)	184,470	-	184,470
Interest Income	28,193	-	-	-	-	-	28,193	-	28,193
Miscellaneous	9,366	-	36	-	-	-	9,402	-	9,402
TOTAL SUPPORT AND REVENUE	2,868,102	1,213,121	1,633,073	3,000	-	(1,049,840)	3,451,335	1,216,121	4,667,456
Net Assets Released from Restrictions	839,644	(839,644)	373	(373)	-	-	840,017	(840,017)	-
TOTAL REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS	3,707,746	373,477	1,633,446	2,627	-	(1,049,840)	4,291,352	376,104	4,667,456
EXPENSES									
Program	3,216,739	-	836,514	-	-	(974,501)	3,078,752	-	3,078,752
Management and General	512,335	-	56,311	-	-	(15,068)	553,578	-	553,578
Fundraising	384,339	-	80,128	-	-	(60,271)	404,196	-	404,196
TOTAL EXPENSES	4,113,413	-	972,953	-	-	(1,049,840)	4,036,526	-	4,036,526
CHANGE IN NET ASSETS	(405,667)	373,477	660,493	2,627	-	-	254,826	376,104	630,930
NET ASSETS, BEGINNING OF YEAR	764,215	2,557,968	(9,603)	-	207,733	-	962,345	2,557,968	3,520,313
NET ASSETS, END OF YEAR	\$ 358,548	\$ 2,931,445	\$ 650,890	\$ 2,627	\$ 207,733	\$ -	\$ 1,217,171	\$ 2,934,072	\$ 4,151,243

See independent auditor's report.

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	FTCN		izzit.org		Capitaf, LLC	Eliminations	Total		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	
OPERATING ACTIVITIES									
SUPPORT AND REVENUE									
Donations and Contributions	\$ 1,845,784	\$ 2,363,690	\$ 1,567,632	\$ 3,757	\$ -	\$ (1,350,594)	\$ 2,062,822	\$ 2,367,447	\$ 4,430,269
Charges for Services	443,674	-	188	-	-	(317,577)	126,285	-	126,285
Interest Income	24,277	-	-	-	-	-	24,277	-	24,277
Miscellaneous	9,701	-	962	-	-	-	10,663	-	10,663
TOTAL SUPPORT AND REVENUE	2,323,436	2,363,690	1,568,782	3,757	-	(1,668,171)	2,224,047	2,367,447	4,591,494
Net Assets Released from Restrictions	1,942,159	(1,942,159)	13,324	(13,324)	-	-	1,955,483	(1,955,483)	-
TOTAL REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS	4,265,595	421,531	1,582,106	(9,567)	-	(1,668,171)	4,179,530	411,964	4,591,494
EXPENSES									
Program	3,851,452	-	948,387	-	-	(1,588,777)	3,211,062	-	3,211,062
Management and General	429,335	-	63,541	-	-	(15,879)	476,997	-	476,997
Fundraising	291,508	-	90,906	-	-	(63,515)	318,899	-	318,899
TOTAL EXPENSES	4,572,295	-	1,102,834	-	-	(1,668,171)	4,006,958	-	4,006,958
CHANGE IN NET ASSETS	(306,700)	421,531	479,272	(9,567)	-	-	172,572	411,964	584,536
NET ASSETS, BEGINNING OF YEAR	1,070,915	2,136,437	(488,875)	9,567	207,733	-	789,773	2,146,004	2,935,777
NET ASSETS, END OF YEAR	\$ 764,215	\$ 2,557,968	\$ (9,603)	\$ -	\$ 207,733	\$ -	\$ 962,345	\$ 2,557,968	\$ 3,520,313

See independent auditor's report.

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	FTCN	izzit.org	Capitaf, LLC	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Contributions, Sales and Other Income	\$ 4,411,242	\$ 1,614,638	\$ -	\$ (1,049,840)	\$ 4,976,040
Interest Received	28,193	-	-	-	28,193
Cash Paid to Suppliers and Employees	(4,092,088)	(972,953)	-	1,049,840	(4,015,201)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	347,347	641,685	-	-	989,032
CASH FLOWS FORM INVESTING ACTIVITIES					
Purchase of Fixed Assets	(12,572)	-	-	-	(12,572)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(12,572)	-	-	-	(12,572)
NET CHANGE IN CASH AND CASH EQUIVALENTS	334,775	641,685	-	-	976,460
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	900,606	7,926	291	-	908,823
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,235,381	\$ 649,611	\$ 291	\$ -	\$ 1,885,283
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATIONS					
Change in Net Assets	\$ (32,190)	\$ 663,120	\$ -	\$ -	\$ 630,930
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities					
Depreciation and Amortization	21,325	-	-	-	21,325
Decrease (Increase) in					
Accounts Receivable	(16,838)	-	-	-	(16,838)
Promise to Give	325,901	-	-	-	325,901
Inventory	4,757	-	-	-	4,757
Prepaid Expenses	(14,678)	(9,397)	-	-	(24,075)
Operating Right-of-Use Assets	(153,866)	-	-	-	(153,866)
Other Assets	(2,931)	(46)	-	-	(2,977)
Increase (Decrease) in					
Accounts Payable	(4,746)	(15,898)	-	-	(20,644)
Accrued Expenses	43,904	3,906	-	-	47,810
Operating Lease Liabilities	151,359	-	-	-	151,359
Deferred Revenue	25,350	-	-	-	25,350
Total Adjustments	379,537	(21,435)	-	-	358,102
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 347,347	\$ 641,685	\$ -	\$ -	\$ 989,032
SUPPLEMENTAL CASH FLOWS INFORMATION					
Operating Lease Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	\$ 222,397	\$ -	\$ -	\$ -	\$ 222,397

See independent auditor's report.

FREE TO CHOOSE NETWORK, INC.
CONSOLIDATING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	FTCN	izzit.org	Capitaf, LLC	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Contributions, Sales and Other Income	\$ 4,154,291	\$ 738,795	\$ -	\$ (1,668,171)	\$ 3,224,915
Interest Received	24,277	-	-	-	24,277
Cash Paid to Suppliers and Employees	(4,474,913)	(1,102,834)	-	1,668,171	(3,909,576)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(296,345)	(364,039)	-	-	(660,384)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Sale of Fixed Assets	73,600	-	-	-	73,600
Purchase of Fixed Assets	(56,860)	-	-	-	(56,860)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	16,740	-	-	-	16,740
NET CHANGE IN CASH AND CASH EQUIVALENTS	(279,605)	(364,039)	-	-	(643,644)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,180,211	371,965	291	-	1,552,467
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 900,606	\$ 7,926	\$ 291	\$ -	\$ 908,823
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATIONS					
Change in Net Assets	\$ 114,831	\$ 469,705	\$ -	\$ -	\$ 584,536
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities					
Depreciation and Amortization	38,658	-	-	-	38,658
(Gain) Loss on Disposal of Fixed Assets	58,724	-	-	-	58,724
Decrease (Increase) in					
Accounts Receivable	867,494	-	-	(863,711)	3,783
Promise to Give	(1,419,246)	-	-	-	(1,419,246)
Inventory	2,494	-	-	-	2,494
Prepaid Expenses	33,498	10,284	-	-	43,782
Other Assets	(655)	-	-	-	(655)
Increase (Decrease) in					
Accounts Payable	(2,736)	(847,493)	-	863,711	13,482
Accrued Expenses	14,093	3,465	-	-	17,558
Deferred Revenue	(3,500)	-	-	-	(3,500)
Total Adjustments	(411,176)	(833,744)	-	-	(1,244,920)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (296,345)	\$ (364,039)	\$ -	\$ -	\$ (660,384)
SUPPLEMENTAL CASH FLOWS INFORMATION					
Operating Lease Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	\$ 68,531	\$ -	\$ -	\$ -	\$ 68,531

See independent auditor's report.