

Blessings International
Consolidated Financial Statements
Years Ended August 31, 2025 and 2024
With
Independent Auditor's Report

Hood & Associates, CPAs, P.C.

Blessings International
Consolidated Financial Statements
Years Ended August 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Blessings International
Broken Arrow, Oklahoma

Opinion

We have audited the accompanying consolidated financial statements of Blessings International (a nonprofit organization) and its wholly owned subsidiary, Blessings THC, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of August 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Blessings International and affiliates as of August 31, 2025 and 2024, and the changes in their net assets and their 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 audit 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 Financial Statements section of our report. We are required to be independent of Blessings International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Blessings International'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 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 Blessings International'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 Blessings International'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.

Hood & Associates CPAs, P.C.

Hood & Associates CPAs, P.C.

Tulsa, Oklahoma
November 4, 2025

Blessings International
Consolidated Statements of Financial Position
As of August 31, 2025 and 2024

	<u>Assets:</u>	<u>2025</u>	<u>2024</u>
Current assets:			
Cash and cash equivalents	\$ 713,723	\$ 408,322	
Short-term investments (Note 6)	1,762,437	1,842,196	
Accounts receivable (net of reserve for expected credit losses of \$2,322 and \$2,530 at August 31, 2025 and 2024, respectively)	153,489	161,771	
Pharmaceutical inventory (at cost) (Note 2(f))	1,571,804	1,591,254	
Prepaid pharmaceutical purchases and other current assets	278,988	341,474	
Total current assets	<u>4,480,441</u>	<u>4,345,017</u>	
Property and Equipment (Note 5) :			
Land and building (Net of accumulated depreciation of \$1,053,480 and \$976,348 at August 31, 2025 and 2024, respectively)	2,223,252	2,290,246	
Other property and equipment (Net of accumulated depreciation of \$863,091 and \$850,063 August 31, 2025 and 2024, respectively)	94,427	103,733	
Net property and equipment	<u>2,317,679</u>	<u>2,393,979</u>	
Total assets	<u>\$ 6,798,120</u>	<u>\$ 6,738,996</u>	
	<u>Liabilities and net assets</u>		
Current liabilities:			
Accounts payable	\$ 16,135	\$ 9,152	
Advance payments	76,162	79,826	
Retirement plan contributions payable and other accrued liabilities	5,408	20,548	
Total current liabilities	<u>97,705</u>	<u>109,526</u>	
Total liabilities	<u>97,705</u>	<u>109,526</u>	
Net Assets:			
Without donor restrictions			
Operating	6,657,792	6,566,624	
With donor restrictions			
Designated offerings	42,623	62,846	
Total net assets	<u>6,700,415</u>	<u>6,629,470</u>	
Total liabilities and net assets	<u>\$ 6,798,120</u>	<u>\$ 6,738,996</u>	

The accompanying notes are an integral part of the financial statements.

Blessings International
Consolidated Statements of Activities
For the Years Ended August 31, 2025 and 2024

	2025	2024
Changes in net assets without donor restrictions:		
Revenues, gains and other support:		
Net sales of pharmaceutical products and supplies	\$ 5,276,527	\$ 5,026,594
General undesignated offerings:		
Medicines for Nations Fund and Miscellaneous	150,981	116,784
Investment return (Note 6)	120,833	169,619
Net transfers to and from net assets with donor restrictions (Note 3)	(80,908)	(77,930)
	<hr/>	<hr/>
Total revenue and gains without donor restrictions	<hr/>	<hr/>
	5,467,433	5,235,067
Net assets released from restrictions:		
Restrictions satisfied by payments (Note 2(g))	<hr/>	<hr/>
Total net assets released from restrictions	<hr/>	<hr/>
Total revenues, gains, other support without donor restrictions	<hr/>	<hr/>
	5,648,574	5,408,278
Expenses:		
Program services:		
Assistance and gifts:		
Estimated cost of pharmaceutical shipments	3,159,878	2,978,180
Gifts, bad debt expense and other distribution costs	401,160	391,977
Salaries, wages and allocated overhead costs	<hr/>	<hr/>
	1,484,826	1,455,055
Total program services	<hr/>	<hr/>
	5,045,864	4,825,212
Supporting services:		
Management and general	425,163	413,623
Fundraising (Note 8)	<hr/>	<hr/>
	86,379	80,232
Total supporting services	<hr/>	<hr/>
	511,542	493,855
Total expenses	<hr/>	<hr/>
	5,557,406	5,319,067
Increase (decrease) in net assets without donor restrictions	<hr/>	<hr/>
	91,168	89,211

The accompanying notes are an integral part of the financial statements.

Blessings International
Consolidated Statements of Activities (Continued)
For the Years Ended August 31, 2025 and 2024

	2025	2024
Changes in net assets with donor restrictions:		
Designated offerings	\$ 108,810	\$ 70,924
Transfers to and from net assets without donor restrictions (<i>Note 3</i>)	80,908	77,930
Contributions	(28,800)	(28,800)
Restrictions satisfied by payments (<i>Note 2(g)</i>)	<u>(181,141)</u>	<u>(173,211)</u>
Increase (decrease) in net assets with donor restrictions	<u><u>(20,223)</u></u>	<u><u>(53,157)</u></u>
 Increase (decrease) in net assets	 70,945	 36,054
 Net assets, beginning of year	 <u>6,629,470</u>	 <u>6,593,416</u>
 Net assets, end of year	 <u><u>\$ 6,700,415</u></u>	 <u><u>\$ 6,629,470</u></u>

The accompanying notes are an integral part of the financial statements.

Blessings International
Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2025

	Program Services		Supporting Services		Total
	Assistance and Gifts	Other Program Costs	Management and General	Fundraising	
Cost of pharmaceutical shipments	\$ 3,159,878	\$ -	\$ -	\$ -	\$ 3,159,878
Cash Contributions	46,517	-	-	-	46,517
Outbound freight	340,999	-	-	-	340,999
Travel/Mission trips	4,876	19,794			24,670
Bad debt expense - Ministry Sales	1,375	-	-	-	1,375
Pharmaceutical re assay/destruction	7,393	-	-	-	7,393
Salaries, wages and bonuses	-	1,045,002	195,938	65,313	1,306,253
Retirement plan	-	61,563	11,543	3,848	76,954
Employee medical and other benefits	-	93,382	17,509	5,836	116,727
Payroll taxes	-	72,780	13,646	4,549	90,975
Allocated processing costs	-	(202,775)	-	-	(202,775)
Depreciation	-	84,835	21,209	-	106,044
Insurance - general	-	69,387	16,956	390	86,733
Credit card processing fees	-	87,294	-	-	87,294
Computer maintenance and expense	-	45,030	11,257	-	56,287
Building, grounds and warehouse expenses	-	36,604	9,151	-	45,755
Dues and subscriptions	-	-	48,482	-	48,482
Office and warehouse supplies	-	27,849	6,962	-	34,811
Legal and professional fees	-	-	37,087	-	37,087
Printing, artwork, books and tapes	-	17,214	-	-	17,214
Telephone and internet fees	-	11,684	2,921	-	14,605
Seminars and conventions	-	-	11,958	-	11,958
Employee training and recruitment	-	-	3,006	-	3,006
Vehicle and other equipment maintenance and expens	-	8,174	2,044	-	10,218
Advertising and marketing	-	5,426	-	-	5,426
Entertainment/Employee relations	-	-	13,518	-	13,518
Fundraising	-	-	-	6,443	6,443
Postage	-	1,583	396	-	1,979
Bank charges	-	-	1,580	-	1,580
	\$ 3,561,038	\$ 1,484,826	\$ 425,163	\$ 86,379	\$ 5,557,406

The accompanying notes are an integral part of the financial statements.

Blessings International
Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2024

	Program Services		Supporting Services			Total
	Assistance and Gifts	Other Program Costs	Management and General	Fundraising		
	\$	\$	\$	\$		
Cost of pharmaceutical shipments	\$ 2,978,180	\$ -	\$ -	\$ -	\$ 2,978,180	
Cash Contributions	29,050	-	-	-		29,050
Outbound freight	345,844	-	-	-		345,844
Travel/Mission trips	9,049	17,024	-	-		26,073
Bad debt expense - Ministry Sales	1,375					1,375
Pharmaceutical re assay/destruction	6,659	-	-	-		6,659
Salaries, wages and bonuses	-	1,054,916	197,797	65,932		1,318,645
Retirement plan	-	58,474	10,964	3,655		73,093
Employee medical and other benefits	-	75,981	14,246	4,749		94,976
Payroll taxes	-	73,933	13,862	4,621		92,416
Allocated processing costs	-	(188,147)	-	-		(188,147)
Depreciation	-	78,657	19,664	-		98,321
Insurance - general	-	43,351	10,594	244		54,189
Credit card processing fees	-	78,290	-	-		78,290
Computer maintenance and expense	-	39,924	9,981	-		49,905
Building, grounds and warehouse expenses	-	42,460	10,615	-		53,075
Dues and subscriptions	-	-	39,572	-		39,572
Office and warehouse supplies	-	40,715	10,179	-		50,894
Legal and professional fees	-	-	37,877	-		37,877
Printing, artwork, books and tapes	-	13,125	-	-		13,125
Telephone and internet fees	-	10,595	2,649	-		13,244
Seminars and conventions	-	-	10,830	-		10,830
Employee training and recruitment	-	-	4,525	-		4,525
Vehicle and related expense	-	9,148	2,287	-		11,435
Advertising and marketing	-	5,064	-	-		5,064
Fundraising	-	-	-	1,031		1,031
Postage	-	1,545	386	-		1,931
Bank charges	-	-	2,115	-		2,115
	\$ 3,370,157	\$ 1,455,055	\$ 413,623	\$ 80,232	\$ 5,319,067	

The accompanying notes are an integral part of the financial statements.

Blessings International
Consolidated Statements of Cash Flows
For the Years Ended August 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash received from net sales charges	\$ 5,252,345	\$ 5,135,911
Cash received from general undesignated offerings	155,592	116,783
Cash received from interest and dividends	19,432	19,651
Cash received from designated offerings	104,199	70,924
Cash received from other income	-	-
Cash disbursed for program services	(4,866,041)	(4,910,233)
Cash disbursed for management and general expenses	(425,163)	(413,623)
Cash disbursed for fundraising expenses	(86,379)	(80,232)
Net cash provided (used) by operating activities	<hr/> <hr/> 153,985	<hr/> <hr/> (60,819)
Cash flows from investing activities:		
Net proceeds (purchases) from redemption and sale of investments	181,160	(80,110)
Additions to real estate, equipment and software	(29,744)	(91,561)
Net cash provided (used) by investing activities	<hr/> <hr/> 151,416	<hr/> <hr/> (171,671)
Cash flows from financing activities:		
Net increase (decrease) in cash and cash equivalents	305,401	(232,490)
Cash and cash equivalents, beginning of year	<hr/> <hr/> 408,322	<hr/> <hr/> 640,812
Cash and cash equivalents, end of year	<hr/> <hr/> <hr/> \$ 713,723	<hr/> <hr/> <hr/> \$ 408,322

The accompanying notes are an integral part of the financial statements.

Blessings International
Consolidated Statements of Cash Flows (Continued)
For the Year Ended August 31, 2025 and 2024

**Reconciliation of changes in net assets to net cash
provided by operating activities:**

	2025	2024
Cash flows from operating activities:		
Increase (decrease) in net assets, net of non-cash activities*	\$ (30,456)	\$ (113,914)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	106,044	98,321
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	8,282	97,071
(Increase) decrease in prepaid expenses	62,486	207,327
(Increase) decrease in inventory	19,450	(380,352)
Increase (decrease) in accounts payable	6,983	(29,681)
Increase (decrease) in advance payments	(3,664)	41,048
contributions payable and other accrued liabilities	<u>(15,140)</u>	<u>19,361</u>
Total adjustments	<u>184,441</u>	<u>53,095</u>
Net cash provided (used) by operating activities	<u>\$ 153,985</u>	<u>\$ (60,819)</u>

* Non-cash investing and financing activities consist of: (1) Unrealized gain (loss) of \$37,515 and \$94,466, and (2) Reinvested income of \$63,886 and \$55,502, for the years ended August 31, 2025 and 2024, respectively.

The accompanying notes are an integral part of the financial statements.

Blessings International
Notes to Consolidated Financial Statements
For the Years Ended August 31, 2025 and 2024

Note 1 – Nature of Activities

Blessings International (the “Ministry”) was incorporated in the State of Oklahoma on July 6, 1981. The primary focus of the Ministry is to heal the hurting both locally and globally by obtaining and distributing pharmaceuticals, vitamins, and medical supplies to medical mission teams, clinics, and hospitals, both internationally and domestically, and to build healthy communities by treating the poor and victims of endemic medical problems, outbreaks of diseases, and overwhelming disasters. The Ministry obtains its pharmaceuticals by purchasing them from both U.S. and overseas sources. In recent years, the Ministry has increasingly relied on bulk purchases of generic drugs from several overseas suppliers through its “Import for Export” program. In prior years, the Ministry obtained significant pharmaceuticals from donations solicited from major pharmaceutical firms; however, the Ministry has not received any pharmaceutical donations since February 2009.

The Ministry distributes pharmaceuticals overseas to over 140 developing nations for the treatment of needy or indigent people and as well to areas of the United States to serve the needs of the “underserved,” “underinsured,” and “uninsured” populations. By working through other non-profit medical providers, church-based ministries, and clinics, the desired results of the services Blessings International offers are helping people in the realm of one of their most basic needs – good health. This is accomplished through the provision of essential medicines with the goal to heal the hurting, build healthy communities, and transform lives for men, women, and children.

In August 2010, the ministry completed construction of a headquarters facility located in Broken Arrow, Oklahoma, to provide expanded warehouse, packaging, shipping, and office space. This state-of-the-art facility has approximately 18,300 square feet of space, including a 14,000 square foot temperature-controlled warehouse facility with an automated packaging room. The enlarged size and design of the facility allows for expanded partnerships with existing client organizations while also providing the capacity to serve new organizations both at an accelerated rate.

On October 10, 2016, Blessings International Board of Trustees formed Blessings THC, Inc. a 501(c)(2) organization, for the purpose of holding title to the real estate, consisting of the headquarters facility and land, and limited assets, as well as diversifying risk. The building and land were transferred effective in January 2017, and cash assets of \$500,000 were transferred in February 2017. Blessings THC, Inc. cannot conduct charitable or fund-raising activities and cannot retain income, turning over any retained income to its only member, Blessings International.

The Ministry is supported primarily through sales to its Christian and humanitarian mission clientele to cover the costs of overseas shipment, warehouse, and other overhead costs, as well as the costs of purchased pharmaceuticals. To a much lesser extent, the Ministry is supported by donor contributions, including cash received from state government campaign pledges that support its benevolent activities.

Blessings International
Notes to Consolidated Financial Statements
For the Years Ended August 31, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Ministry have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Effective September 1, 2018, the Ministry adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU" or "Update") 2016-14 *Not-for-Profit Entities* (Topic 958) which significantly changed the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. The ASU provided, among other things, that only two classes of net assets are to be reported in the statement of financial position – net assets with donor restrictions and net assets without donor restrictions, and an analysis of expenses by both their nature and function are to be presented in one location – either on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. The ASU also required the disclosure of the method used to allocate costs among program and support services, and that nonprofit organizations must present more information about the liquidity of their financial assets and how the availability of the financial assets is limited by donor restrictions, legal restrictions, and governing board designations.

Effective September 1, 2020, the Ministry adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. ASU 2014-09 replaces most existing revenue recognition guidance in generally accepted accounting principles (GAAP). This standard also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The Ministry adopted the new standard effective for the fiscal year ended August 31, 2021, using the full retrospective method. Based on the Ministry's review of its sales transactions with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. The adoption of this standard had no impact on the statements of financial position and the statements of activities and changes in net assets.

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), which requires lessees to put most leases on their statement of financial position. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The Ministry adopted the new standard effective for the fiscal year ended August 31, 2022, using the full retrospective method. Based on the Ministry's review, no leases were identified. The adoption of this standard had no impact on the statements of financial position and the statements of activities and changes in net assets.

Blessings International
Notes to Consolidated Financial Statements
For the Years Ended August 31, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (continued)

(a) Basis of Accounting (continued)

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Topic 326 amends guidance related to impairment of financial instruments by replacing the incurred loss impairment methodology with an expected credit loss model for which a company recognizes an allowance based on the estimate of expected credit loss. Topic ASC 326 also changed some terminology which may be unfamiliar. The title of the allowance for doubtful accounts related to accounts receivable has been changed to allowance for credit losses.

On September 1, 2023, the Ministry adopted this ASU No. 2016-13 (Topic 326). The standard did not have a material impact on the Ministry's consolidated financial statements.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of Blessings International and its wholly owned subsidiary, Blessings THC, Inc. All inter-entity transactions and balances have been eliminated in consolidation.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Ministry considers all unrestricted highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. Such investments with an initial maturity of more than three months are classified as short-term investments in the Statement of Financial Position if their final maturity is one year or less from the date of the financial statements, and long-term investments if their final maturity is more than one year from the date of the financial statements.

(d) Investments

Investments in marketable securities with readily determinable fair values and all investments in certificates of deposit and other debt securities are reported at their estimated fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Short-term investments consist of debt securities with original maturities of twelve months or less or maturing within twelve months from year end and all marketable securities. Long-term investments consist of debt securities with original maturities greater than twelve months.

Blessings International
Notes to Consolidated Financial Statements
For the Years Ended August 31, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (continued)

(e) Concentration of Credit Risk

The Ministry's cash equivalents, and certificates of deposit may, at times, exceed federally insured limits. The Federal Deposit Insurance Corporation ("FDIC") insures the aggregate total of account balances up to \$250,000 that are held with each financial institution. As of August 31, 2025, the Ministry exceeded FDIC insured account balance deposit insurance limits on its bank holdings at one financial institution by \$898 and at another financial institution by \$8,460. A concentration of custodial credit risk in excess of the FDIC insured account balance limits can pose a significant financial risk to an organization. However, to date, the Ministry has not experienced any losses on such deposits, and management believes that the Ministry is not exposed to any significant credit risk associated with its cash equivalents and certificates of deposit. Management aims to limit the duration when balances exceed FDIC insured account balance deposit insurance limits due to timing of deposits.

(f) Inventories

Inventories of pharmaceuticals, consisting of medicines, vitamins, and medical supplies purchased from both U.S. and overseas suppliers are stated at the lower of cost and net realizable value using a weighted average cost method.

The cost of pharmaceutical inventories includes the actual purchase cost for the products, including freight and any customs fees and duties associated with products imported from overseas suppliers, as well as an allocation of processing costs of bulk-purchased imported items for sorting, bottling, and labeling.

Processing costs include the costs of materials and supplies used in processing, direct labor costs and allocated overhead costs, such as depreciation, insurance, and employee benefits. The ratio of inventoried processing costs to total inventoried purchase costs of bulk-purchased pharmaceuticals is estimated to be generally the same as the ratio of total processing costs incurred for the year to the total purchase costs of such products incurred for the year.

For specific pharmaceuticals purchased from U.S. pharmaceutical companies, the inventory received is identified by manufacturer, item number and packaging size (National Drug Code ("NDC")), and lot number and expiration date. Generic pharmaceutical products purchased in bulk quantities from overseas suppliers are referred to as "Import for Export" (IFE) products. For these IFE products, Ministry warehouse personnel sort and further process the products under Blessings International's NDC number.

Blessings International
Notes to Consolidated Financial Statements
For the Years Ended August 31, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (continued)

(f) Inventories (continued)

All such pharmaceutical products are tracked and accounted for by a specific identification method through a perpetual management information system. Generally, no write downs of pharmaceutical inventories are required for estimated obsolescence or unmarketable inventory. The Ministry's policy is to dispose of any expired, obsolete, or unmarketable inventories as needed. In many circumstances, the Ministry is able to locate organizations who can utilize short-dated pharmaceutical products and arrangements are made for bulk shipments of such items to the recipient organizations.

(g) Public Support and Revenues

Contributions received are recorded as either increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions, generally related to the designation of a cause, region/country or natural disaster for which the contribution is to be used.

All donor-restricted support is classified as net assets with donor restrictions and is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Effective September 1, 2018, pledges made to the Christian Service Charities for the benefit of the Ministry to Neighbor to Nation through state, local and corporate campaigns, are recorded as received on the cash basis of accounting and are classified as unrestricted support.

All contributions received, whether restricted or unrestricted, are used toward the Ministry's benevolence projects. Because pharmaceutical sales charges are sufficient to cover all management and fund-raising expenses, contributions are not used to pay supporting overhead expenses.

Pharmaceutical sales, net of any amounts forgiven ("gifts from Blessings International") or usage of restricted offerings, are recognized when billed, upon shipment of pharmaceuticals to recipients.

Blessings International
Notes to Consolidated Financial Statements
For the Years Ended August 31, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (continued)

(h) Accounts and Other Receivables and Allowances for Expected Current Credit Losses

Accounts and other receivables consisted solely of trade receivables at August 31, 2025 and 2024.

Trade receivables from Christian and humanitarian missions for pharmaceutical sales are stated at the historical invoice amount net of write-offs and allowance for expected credit losses. The Ministry establishes an estimated allowance for expected credit losses based on various factors, including revenue, historical credit loss experience and current trends, but principally from any specific customer collection issues that the Ministry has identified. Uncollectible accounts receivable balances are written off when a settlement is reached for amount that is less than outstanding historical balance or when the Ministry has determined the balance will not be collected.

(i) Property and Equipment

Acquisitions of property and equipment in excess of \$2,500, with a useful life of more than one year, are capitalized. Property and equipment are carried at cost, if purchased, or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Depreciation of furniture and fixtures, machinery and equipment, some computer hardware and software costs, and automotive equipment is computed using the straight-line method over estimated useful lives ranging from three to ten years.

Depreciation of the cost of the Ministry's office and warehouse building, net of 10% salvage value, is computed using the straight-line method over a forty-year life.

Depreciation expense amounted to \$106,044 and \$98,321 for the years ended August 31, 2025 and 2024, respectively.

(j) Income Taxes

The Ministry is a not-for-profit Private Voluntary Organization (PVO) that is exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Ministry's Forms 990, Return of Organization Exempt from Income Tax, for the years ended August 31, 2022, 2023, 2024 and 2025 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

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Note 2 – Summary of Significant Accounting Policies (continued)

(k) Cost Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities as either program services, management and general, or fund-raising expenses. As the financial statements of the Ministry report certain categories of expenses that are attributable to both program and supporting functions, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, depreciation, and occupancy expenses. All such allocable expenses and costs are allocated between program services and supporting services expenses based on estimates of the Ministry's management.

(l) Donated Services

During the years ended August 31, 2025 and 2024, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

(m) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and other support and expenses during the reporting period. Actual results could differ from those estimates.

(n) Date of Management's Review

Subsequent events have been evaluated through November 4, 2025, which was the date the financial statements were available to be issued.

Note 3 – Transfers to Net Assets with Donor Restrictions

In August 2025, \$80,908 was transferred from the unrestricted “Medicines for Nations Fund” (MFN) to replenish the over-expended restricted funds of “Medicines for Orphans” and “USA”. In August 2024, \$77,930 was transferred from the unrestricted MFN fund to replenish the over-expended restricted funds of “Medicines for Orphans” and “USA”.

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Note 4 – Liquidity and Availability of Financial Assets

The Ministry is primarily funded by sales to its Christian and humanitarian mission clientele for pharmaceuticals and to a much lesser extent by contributions from donors, some of which contain restrictions which require that resources be designated for a certain country or region or for a cause or natural disaster. Therefore, the Ministry must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Ministry has a goal to structure its financial assets to be available as general expenditures, liabilities and other obligations become due.

The Ministry also invests its cash in excess of its daily needs in money market accounts and short-term investments, such as certificates of deposit and mutual funds.

The summary below reflects the Ministry's financial assets as of the statement of financial position date, August 31, 2025, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of August 31, 2025. Amounts that are not available also include board restricted amounts that could be utilized if the Board of Trustees approved the use.

Financial assets, at year-end	\$ 2,629,649
Less those unavailable for general expenditures within	
one year, due to:	
Donor-restricted to usage in a designated country or region, or	
for a designated cause or natural disaster	(42,623)
Financial assets available to meet cash needs for general	
expenses within one year	<u><u>\$ 2,587,026</u></u>

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Note 5—Property and Equipment

At August 31, 2025 and 2024, property and equipment was comprised of the following:

	2025	2024
Land	\$ 253,649	\$ 253,649
Buildings and improvements	3,023,082	3,012,945
Machinery and equipment	721,268	712,947
Computer equipment	19,454	19,970
Computer software costs	162,969	167,051
Office furniture and fixtures	12,240	12,240
Website	19,400	19,400
Automobile	22,188	22,188
	<hr/> 4,234,250	<hr/> 4,220,390
Less accumulated depreciation	<hr/> (1,916,571)	<hr/> (1,826,411)
	<hr/> \$ 2,317,679	<hr/> \$ 2,393,979

Note 6—Investments

Investments at August 31, 2025 and 2024 consisted of certificates of deposit stated at cost, which approximated fair value as their interest rates reflect market rates, various mutual funds and a preferred stock stated at their estimated fair values.

	2025	2024
Certificates of deposit	\$ 674,871	\$ 670,799
Mutual funds	932,794	1,007,931
Preferred stock	<hr/> 154,772	<hr/> 163,466
	<hr/> \$ 1,762,437	<hr/> \$ 1,842,196

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Note 6 – Investments (continued)

Investment return for the years ended August 31, 2025 and 2024 was comprised of the following:

	2025	2024
Interest and dividend income from certificates of deposit, money market accounts and equity investments	\$ 83,318	\$ 75,153
Unrealized appreciation (depreciation) in fair value of investments in mutual funds and preferred stock	<u>37,515</u>	<u>94,466</u>
	<u><u>\$ 120,833</u></u>	<u><u>\$ 169,619</u></u>

Note 7 – Retirement Arrangement with Staff Employees

The Ministry offers staff employees the opportunity for participation in a contributory 403(B) defined contribution plan. All full or part-time staff employees may participate with elective deferrals after 90 days of employment. After two years of employment, the Ministry double matches (2% for every 1%) employees' contributions up to 5% of their regular salary. The employer match was suspended due to the financial position as of July 15, 2020 but resumed on June 1, 2021. The expense to the Ministry under this arrangement was \$76,954 and \$73,093 for the years ended August 31, 2025 and 2024, respectively.

Note 8 – Fundraising Expenses

The Ministry's fundraising efforts consist of regular newsletter appeals and on occasion special events. The Ministry's fund-raising efforts through normal operations consist of the allocated portion of the salary and related overhead of the Ministry's President, Chief Financial Officer and other administrative staff members, and certain identifiable costs related to fund-raising, including advertisements for cash donations placed in various publications. Such identifiable fund-raising expenses were \$86,379 and \$80,232 for the years ended August 31, 2025 and 2024

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Note 9 – Fair Value Measurements

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at August 31, 2025 and 2024 are as follows:

August 31, 2025:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Short-Term Investments:			
Certificates of deposit	\$ 674,871	\$ -	\$ 674,871
Mutual funds	932,794	932,794	-
Preferred stocks	154,772	154,772	-
	<u>\$ 1,762,437</u>	<u>\$ 1,087,566</u>	<u>\$ 674,871</u>

August 31, 2024:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Short-Term Investments:			
Certificates of deposit	\$ 670,799	\$ -	\$ 670,799
Mutual funds	1,007,931	1,007,931	-
Preferred stocks	163,466	163,466	-
	<u>\$ 1,842,196</u>	<u>\$ 1,171,397</u>	<u>\$ 670,799</u>

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Note 9 – Fair Value Measurements (continued)

Level 1 Fair Value Measurements

Investments in mutual funds and preferred stock are reported at fair value on a recurring basis by reference to quoted market prices on an active market and other relevant information generated by market transactions.

Level 2 Fair Value Measurements

Investments in certificates of deposit are reported at estimated fair value on a recurring basis based on their original cost, which should reasonably approximate their market value, as compared to quoted prices for identical or similar instruments in markets that are not active.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or future fair values. Furthermore, although the Ministry believes the valuation methods used were 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.