Financial Statements

God's Word to the Nations Mission Society, Inc.

December 31, 2019

God's Word to the Nations Mission Society, Inc. Contents of Financial Statements For the Years Ended, December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors God's Word to the Nations Mission Society, Inc.

We have audited the accompanying financial statements of God's Word to the Nations Mission Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of God's Word to the Nations Mission Society, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

August 26, 2020

Mathews & Cripe, LLC

Statements of Financial Position December 31, 2019 and 2018

AS	SSETS		
		2019	 2018
CURRENT ASSETS			
Cash	\$	98,471	\$ 106,972
Accounts receivable (net of allowance for			
bad debts of \$-0- at 2019 and 2018)		-	95
Inventory		71,972	154,513
Prepaid expenses		95,092	 96,316
Total current assets		265,535	 357,896
PROPERTY & EQUIPMENT			
Office equipment		59,351	59,351
Less: accumulated depreciation		(55,086)	 (53,494)
Net property & equipment		4,265	 5,857
OTHER ASSETS		18,500	 18,500
Total assets	\$	288,300	\$ 382,253

Statements of Financial Position December 31, 2019 and 2018

LIABILITIES AND NET ASSETS

	2019		2018	
CURRENT LIABILITIES				
Accounts payable & accrued expenses	\$	132,464	\$	262,056
Current portion of long-term debt		12,925		
Total Current Liabilities		145,389		262,056
LONG-TERM DEBT, less current portion		20,896		
Total Liabilities		166,285		262,056
NET ASSETS				
Without donor restrictions		122,015		120,197
With donor restrictions		<u> </u>		
Total Net Assets		122,015		120,197
Total Liabilities and Net Assets	\$	288,300	\$	382,253

God's Word to the Nations Mission Society, Inc. Statements of Activities For the Year Ended, December 31, 2019 with Comparative Totals for the Year Ended, December 31, 2018

				_	-	Γotal	
	Tithout Donor Restrictions	With Donor Restrictions		2019			2018
PUBLIC SUPPORT							
Contributions	\$ 1,085,134	\$	-	\$	1,085,134	\$	1,121,881
REVENUE							
Bible & scripture							
portion sales (net)	(104,386)		-		(104,386)		48,311
Royalties & other	169,347		-		169,347		186,968
	64,961				64,961		235,279
Total support and net revenue	1,150,095			_	1,150,095		1,357,160
EXPENSES							
Program services							
Free scripture							
distribution	644,992		-		644,992		996,737
Support Services							
Management	225,135		-		225,135		267,277
Fundraising	278,150				278,150		208,569
Total expenses	1,148,277				1,148,276		1,472,583
Changes in Net Assets	1,818		-		1,818		(115,423)
Net assets - beginning of year	120,197				120,197		235,620
Net assets - end of year	\$ 122,015	\$		\$	122,015	\$	120,197

God's Word to the Nations Mission Society, Inc. Statements of Functional Expenses For the Year Ended, December 31, 2019 with Comparative Totals for the Year Ended, December 31, 2018

	Program Services	Supporti	ng Services		Гotal
	Free Scripture Distribution	Management	Fundraising	2019	2018
Advertising	\$ -	\$ 61,885	\$ -	\$ 61,885	\$ 50,552
Agency fee	22,405	503	10,648	33,556	76,288
Auto & travel	13,112	_	-	13,112	11,838
Back-end marketing	20,623	463	9,801	30,887	44,084
Bad debts	-	-	-	-	5,022
Bank & finance charges	-	23,579	-	23,579	24,794
Computer services	17,555	394	8,343	26,292	67,233
Contract labor	-	9,597	-	9,597	9,717
Depreciation	1,592	-	-	1,592	6,716
Dues & registration	-	6,117	-	6,117	5,691
Employee benefits	-	-	-	-	57,500
Front-end premiums	191,884	4,311	91,190	287,385	309,510
Fulfillment	8,025	180	3,814	12,019	12,888
Insurance	13,437	_	-	13,437	19,989
Interest expense	-	1,121	-	1,121	-
Legal & accounting	-	41,076	-	41,076	37,348
Mail list management	17,206	387	8,177	25,770	77,230
Miscellaneous	11,007	193	4,041	15,241	31,751
Office supplies	-	3,822	-	3,822	5,339
Occupancy	28,386	-	-	28,386	28,872
Postage	90,945	2,043	43,220	136,208	232,835
Printing & production costs	208,140	4,676	98,916	311,732	292,165
Repairs & maintenance	645	-	-	645	473
Salaries & wages	-	60,000	-	60,000	60,000
Taxes	-	4,788	-	4,788	4,597
Website	30			30	151_
Total Functional Expenses	\$ 644,992	\$ 225,135	\$ 278,150	\$ 1,148,277	\$ 1,472,583

God's Word to the Nations Mission Society, Inc. Statements of Cash Flows December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,818	\$ (115,423)
Adjustments to reconcile change in net assets to net		
cash provided (used) by operating activities		
Depreciation	1,592	6,716
Bad debts	-	5,022
Net Change in:	0.5	21.276
Accounts receivable	95 82,541	31,276 (40,193)
Inventory Prepaid expenses	1,224	(25,660)
Accounts payable and accrued expenses	(129,916)	52,590
Accounts payable and accruca expenses	 (129,910)	 32,390
Total adjustments	(44,464)	29,751
Net Cash Provided (Used) by Operating Activities	 (42,646)	 (85,672)
CASH FLOWS FROM INVESTING ACTIVITIES Purchase of equipment	 <u>-</u> _	
Net Cash Provided (Used) by Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	40,000	-
Payments on note payable	 (6,174)	
Net Cash Provided (Used) by Financing Activities	 33,826	
NET INCREASE (DECREASE) IN CASH	(8,820)	(85,672)
CASH AT BEGINNING OF YEAR	106,972	 192,644
CASH AT END OF YEAR	\$ 98,152	\$ 106,972
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SUPPLEMENTAL DISCLOSURES		
Cash Paid During the Year for:		
Interest	\$ 1,121	\$ _

Notes to Financial Statements

For the Years Ended, December 31, 2019 and 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

God's Word to the Nations Mission Society, Inc. (the Organization) distributes bibles and scripture portions at no cost to U.S. military troops stationed both within the continental United States and abroad; as well as to First Responders, inner city bible clubs, abused women and children facilities, homeless shelters, various outreach activities in Appalachia; and ministries in prison, jail and juvenile correctional facilities throughout the United States. The Organization also sells bibles and scripture portions to the general public. The Organization's primary support is from direct-mail donor contributions.

BASIS OF PRESENTATION

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended, December 31, 2018, from which summarized information was derived.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly-liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are reported at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost, less accumulated depreciation. The Organization follows the practice of capitalizing all expenditures for property, furniture, fixtures and office equipment in excess of \$500. Lesser amounts are expended. Depreciation is provided using both accelerated and straight-line methods based upon the estimated useful lives of the asset.

Notes to Financial Statements

For the Years Ended, December 31, 2019 and 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture, fixtures, equipment and vehicles are depreciated over 5-7 years. Leasehold improvements are depreciated using the straight-line method over 39 years.

COLLECTIONS

Accessions of these collection items by the Organization are capitalized at cost, if the items were purchased, or at their fair value on the accession date, if the items were contributed. Gains or losses from deaccessions of these items are reflected on the statement of activities as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions.

INCOME TAXES

The Organization is a not-for-profit organization 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 Organization's forms 990, *Return of Organization Exempt from Income Tax*, for the years 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

COSTS OF JOINT ACTIVITIES

FASB ASC 958-720-50-2, "Accounting for Costs of Activities That Include Fund Raising", establishes accounting standards for recording costs associated with joint activities (activities which are part fundraising and have elements of one or more other functions, such as program or general and administrative). The pronouncement requires that the criteria of purpose, audience and content be met in order to allocate any portion of the costs of joint activities to a functional area other than fundraising.

SHIPPING COSTS

The Organization includes shipping costs in program services. Total shipping costs were \$19,628 and \$23,272 for the years ended, December 31, 2019 and 2018, respectively.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense was \$61,885 and \$50,552 for the years ended, December 31, 2019 and 2018, respectively.

Notes to Financial Statements

For the Years Ended, December 31, 2019 and 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with the current year presentation.

B. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	 2019	 2018
Financial assets at year-end	\$ 98,471	\$ 106,972
Financial assets available to meet cash needs for general expenditures within one year	\$ 98,471	\$ 106,972

C. INVENTORY

Inventory is stated at cost and consisted of the following:

	 2019		2018
Bible & scripture portion inventory	<u>.</u>		_
(direct mail response)	\$ 15,907	\$	36,425
Bible & scripture inventory	56,065		118,088
	\$ 71,972	\$	154,513

D. OTHER ASSETS

Other assets are stated at their donated value and consisted of the following:

	2019		2018	
Donated artifacts and collectibles	\$	18,500	\$	18,500

God's Word to the Nations Mission Society, Inc. Notes to Financial Statements

For the Years Ended, December 31, 2019 and 2018

E. LONG-TERM DEBT

At December 31, 2019, the Organization's long-term debt consisted of the following:

	2019		2	018
Installment note payable with monthly installments of \$1,217 including interest at 5.99%; unsecured. Note matures June 2022.	\$	33,821	\$	-
Less: current portion		(12,925)		
	\$	20,896	\$	-

Maturities of the note payable are as follows:

Year-ending	
December 31	
2020	\$ 12,925
2021	13,721
2022	7,175
	\$ 33,821

F. CONTINGENCY

The Organization maintains cash balances at various financial institutions. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor per insured financial institution. Amounts in excess of insured limits were \$-0- and \$-0- at December 31, 2019 and 2018, respectively.

G. COMPENSATED ABSENCES

Full-time employees of the Organization are entitled to paid vacation and sick days, depending on length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Notes to Financial Statements

For the Years Ended, December 31, 2019 and 2018

H. ALLOCATION OF JOINT ACTIVITIES

During the years ended, December 31, 2019 and 2018, the Organization incurred joint costs of approximately \$927,081 and \$1,156,959 respectively, for printing, postage and related costs primarily related to fundraising appeals. Pursuant to FASB ASC 958-720-50-2, these costs were allocated to the functional areas as follows:

	2019			2018
Program services -		_	· ·	
Free scripture distribution	\$	585,288	\$	890,629
Management		63,643		57,761
Fund raising		278,150		208,569
	\$	927,081	\$	1,156,959

I. OPERATING LEASE OBLIGATIONS

The Organization leases an office suite in Orange Park, Florida. The lease term is month-to-month at a monthly rent of \$1,063. Total rent expense related to this lease was \$12,693 and \$12,658 for the years ended, December 31, 2019 and 2018, respectively.

The Organization also leases multiple inventory warehouse spaces in Fleming Island, Florida. The lease term is month-to-month with monthly rent of \$574. Total rent expense was \$6,529 and \$6,370 for the years ended, December 31, 2019 and 2018, respectively.

J. RETIREMENT PLAN

The Organization maintains a 403(b) savings plan for all full-time employees, subject to Internal Revenue Service contribution limitations. Employer contributions were \$0 and \$57,500 for the years ended, December 31, 2019 and 2018, respectively.

K. CONCENTRATION

Approximately 90% of the Organization's revenue is derived from the fundraising efforts of a professional fundraising company used by the organization. In the event the professional fundraising company no longer services the Organization, the current level of the Organization's program services and operations would be negatively impacted. At December 31, 2019, there is no provision in the financial statements for such an event, as a reasonable estimate cannot be made and no losses are anticipated.

God's Word to the Nations Mission Society, Inc. Notes to Financial Statements For the Years Ended, December 31, 2019 and 2018

L. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 26, 2020, the date which the financial statements were available to be issued.