

*Financial Statements*

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

December 31, 2020

**God's Word to the Nations Mission Society, Inc.**  
**Contents of Financial Statements**  
**For the Years Ended, December 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

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, 2020 and 2019, 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, 2020 and 2019, 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.

### **Report on Summarized Comparative Information**

We have previously audited God's Word to the Nations Mission Society, Inc's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 26, 2020. In our opinion, the summarized comparative information presented herein as part of the for the year ended, December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Emphasis of a Matter – COVID-19**

As more fully described in Note L to the financial statements the Organization was impacted by the outbreak of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

*Mathews & Cripe, LLC*

August 20, 2021

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

## Statements of Financial Position

December 31, 2020 and 2019

	ASSETS	
	2020	2019
CURRENT ASSETS		
Cash	\$ 147,833	\$ 98,471
Accounts receivable (net of allowance for bad debts of \$-0- at 2020 and 2019)	-	-
Inventory	138,572	71,972
Prepaid expenses	84,154	95,092
Total current assets	370,559	265,535
PROPERTY & EQUIPMENT		
Office equipment	59,351	59,351
Less: accumulated depreciation	(56,444)	(55,086)
Net property & equipment	2,907	4,265
OTHER ASSETS	18,500	18,500
Total assets	\$ 391,966	\$ 288,300

See independent auditor's report and notes to the financial statements.

**God's Word to the Nations Mission Society, Inc.****Statements of Financial Position****December 31, 2020 and 2019**

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	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable & accrued expenses	\$ 77,958	\$ 132,464
Current portion of long-term debt	13,002	12,925
Total Current Liabilities	90,960	145,389
LONG-TERM DEBT, less current portion	7,784	20,896
Total Liabilities	98,744	166,285
NET ASSETS		
Without donor restrictions	293,222	122,015
With donor restrictions	-	-
Total Net Assets	293,222	122,015
Total Liabilities and Net Assets	\$ 391,966	\$ 288,300

See independent auditor's report and notes to the financial statements.

**God's Word to the Nations Mission Society, Inc.**  
**Statements of Activities**  
**For the Year Ended, December 31, 2020 with Comparative**  
**Totals for the Year Ended, December 31, 2019**

			Total	
	Without Donor Restrictions	With Donor Restrictions	2020	2019
<b>PUBLIC SUPPORT</b>				
Contributions	\$ 1,196,573	\$ -	\$ 1,196,573	\$ 1,085,134
<b>REVENUE</b>				
Bible & scripture portion sales (net)	11,792	-	11,792	(104,386)
Royalties & other	211,653	-	211,653	169,346
	<u>223,445</u>	<u>-</u>	<u>223,445</u>	<u>64,960</u>
Total support and net revenue	<u>1,420,018</u>	<u>-</u>	<u>1,420,018</u>	<u>1,150,094</u>
<b>EXPENSES</b>				
Program services				
Free scripture distribution	564,539	-	564,539	644,992
Support Services				
Management	202,000	-	202,000	225,135
Fundraising	482,273	-	482,273	278,150
Total expenses	<u>1,248,812</u>	<u>-</u>	<u>1,248,812</u>	<u>1,148,276</u>
Changes in Net Assets	171,207	-	171,207	1,818
Net assets - beginning of year	<u>122,015</u>	<u>-</u>	<u>122,015</u>	<u>120,197</u>
Net assets - end of year	<u>\$ 293,222</u>	<u>\$ -</u>	<u>\$ 293,222</u>	<u>\$ 122,015</u>

See independent auditor's report and notes to the financial statements.

**God's Word to the Nations Mission Society, Inc.**  
**Statements of Functional Expenses**  
**For the Year Ended, December 31, 2020 with Comparative**  
**Totals for the Year Ended, December 31, 2019**

	Program Services	Supporting Services		Total	
	Free Scripture Distribution	Management	Fundraising	2020	2019
Advertising	\$ -	\$ 60,964	\$ -	\$ 60,964	\$ 61,885
Agency fee	34,460	628	31,994	67,082	33,556
Auto & travel	6,149	-	-	6,149	13,112
Back-end marketing	18,791	342	17,447	36,580	30,887
Bad debts	-	-	-	-	-
Bank & finance charges	-	5,690	-	5,690	23,579
Computer services	32,732	596	30,390	63,718	26,292
Contract labor	-	10,066	-	10,066	9,597
Depreciation	1,358	-	-	1,358	1,592
Dues & registration	-	-	-	-	6,117
Front-end premiums	141,617	2,580	131,483	275,680	287,385
Fulfillment	6,748	123	6,265	13,136	12,019
Insurance	6,514	4,420	-	10,934	13,437
Interest expense	-	1,565	-	1,565	1,121
Legal & accounting	-	36,784	-	36,784	41,076
Mail list management	13,234	241	12,287	25,762	25,770
Miscellaneous	20,255	307	15,531	36,093	15,241
Office supplies	-	8,449	-	8,449	3,822
Occupancy	26,607	-	-	26,607	28,386
Postage	97,429	1,775	90,457	189,661	136,208
Printing & production costs	157,704	2,873	146,419	306,996	311,732
Repairs & maintenance	340	-	-	340	645
Salaries & wages	-	60,000	-	60,000	60,000
Taxes	-	4,597	-	4,597	4,788
Website	601	-	-	601	30
Total Functional Expenses	\$ 564,539	\$ 202,000	\$ 482,273	\$ 1,248,812	\$ 1,148,277

See independent auditor's report on supplementary information.

**God's Word to the Nations Mission Society, Inc.**  
**Statements of Cash Flows**  
**December 31, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 171,207	\$ 1,818
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	1,358	1,592
Net Change in:		
Accounts receivable	-	95
Inventory	(66,600)	82,541
Prepaid expenses	10,938	1,224
Accounts payable and accrued expenses	(54,506)	(129,592)
Total adjustments	(108,810)	(44,140)
Net Cash Provided (Used) by Operating Activities	62,397	(42,322)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	-	-
Net Cash Provided (Used) by Investing Activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	-	40,000
Payments on note payable	(13,035)	(6,179)
Net Cash Provided (Used) by Financing Activities	(13,035)	33,821
<b>NET INCREASE (DECREASE) IN CASH</b>	49,362	(8,501)
<b>CASH AT BEGINNING OF YEAR</b>	98,471	106,972
<b>CASH AT END OF YEAR</b>	<u>\$ 147,833</u>	<u>\$ 98,471</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash Paid During the Year for:		
Interest	<u>\$ 1,565</u>	<u>\$ 1,121</u>

See independent auditor's report and notes to the financial statements.

**God's Word to the Nations Mission Society, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended, December 31, 2020 and 2019**

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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, 2019, 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 expensed. Depreciation is provided using both accelerated and straight-line methods based upon the estimated useful lives of the asset.

**God's Word to the Nations Mission Society, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended, December 31, 2020 and 2019**

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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 2017, 2018 and 2019 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 \$11,185 and \$19,628 for the years ended, December 31, 2020 and 2019, respectively.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense was \$60,964 and \$ 61,885 for the years ended, December 31, 2020 and 2019, respectively.

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

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on assumptions market participants would use when pricing an asset. Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and the lowest priority to unobservable inputs [Level 3 measurements]. The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Assets and liabilities that are required to be recorded at fair value on the balance sheet are categorized based on the inputs to valuation techniques as follows:

Level 1. These are assets and liabilities where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access. As of December 31, 2020, there are no level 1 assets or liabilities.

Level 2. These are assets and liabilities where values are based on the following inputs:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs which are derived principally from or corroborated by observable market data by correlation or other means.

As of December 31, 2020, there are no level 2 assets or liabilities.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement. As of December 31, 2020, there are no level 3 assets or liabilities.

The carrying amounts reflected on the balance sheets for cash, receivables, and accounts payable approximate their respective fair values due to the short maturities of those instruments.

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

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	<u>\$ 147,833</u>	<u>\$ 98,471</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 147,833</u>	<u>\$ 98,471</u>

**C. INVENTORY**

Inventory is stated at cost and consisted of the following:

	<u>2020</u>	<u>2019</u>
Bible & scripture portion inventory (direct mail response)	\$ 1,581	\$ 15,907
Bible & scripture inventory	<u>136,991</u>	<u>56,065</u>
	<u>\$ 138,572</u>	<u>\$ 71,972</u>

**D. OTHER ASSETS**

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

	<u>2020</u>	<u>2019</u>
Donated artifacts and collectibles	<u>\$ 18,500</u>	<u>\$ 18,500</u>

**E. 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, 2020 and 2019, respectively.

**God's Word to the Nations Mission Society, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended, December 31, 2020 and 2019**

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**F. LONG-TERM DEBT**

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

	<u>2020</u>	<u>2019</u>
Installment note payable with monthly installments of \$1,217 including interest at 5.99%; unsecured. Note matures June 2022.	\$ 20,786	\$ 33,821
Less: current portion	<u>(13,002)</u>	<u>(12,925)</u>
	<u><u>\$ 7,784</u></u>	<u><u>\$ 20,896</u></u>

Maturities of the note payable are as follows:

<u>Year-ending December 31</u>	
2020	\$ 13,002
2021	7,784
2022	-
	<u><u>\$ 20,786</u></u>

**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.

**H. 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 \$0 for the years ended, December 31, 2020 and 2019, respectively.

**God's Word to the Nations Mission Society, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended, December 31, 2020 and 2019**

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**I. ALLOCATION OF JOINT ACTIVITIES**

During the years ended, December 31, 2020 and 2019, the Organization incurred joint costs of approximately \$1,040,362 and \$927,081 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:

	<u>2020</u>	<u>2019</u>
Program services -		
Free scripture distribution	\$ 519,444	\$ 585,288
Management	38,645	63,643
Fund raising	<u>482,273</u>	<u>278,150</u>
	<u><u>\$ 1,040,362</u></u>	<u><u>\$ 927,081</u></u>

**J. 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 \$13,823 and \$12,693 for the years ended, December 31, 2020 and 2019, 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 \$6,877 and \$6,529 for the years ended, December 31, 2020 and 2019, respectively.

**K. CONCENTRATION**

Approximately 79% 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, 2020, there is no provision in the financial statements for such an event, as a reasonable estimate cannot be made and no losses are anticipated.

**L. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through August 20, 2021, the date which the financial statements were available to be issued.

On January 30, 2020 the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

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

## **Notes to Financial Statements**

**For the Years Ended, December 31, 2020 and 2019**

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### L. SUBSEQUENT EVENTS (continued)

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.