

Financial Statements

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

December 31, 2014

God's Word to the Nations Mission Society, Inc.
Contents of Financial Statements
For the Year Ended, December 31, 2014 and Six Months Ended, December 31, 2013

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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, 2014, and the related statements of activities and cash flows for the year 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 audit 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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mathews & Cripe, LLC

July 31, 2015

God's Word to the Nations Mission Society, Inc.
Statements of Financial Position
December 31, 2014 and 2013

	ASSETS	
	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash	\$ 217,727	\$ 202,804
Accounts receivable (net of allowance for bad debts of \$-0- at 2014 and 2013)	2,033	70
Inventory	100,197	83,837
Prepaid expenses	<u>93,580</u>	<u>78,914</u>
Total current assets	<u>413,537</u>	<u>365,625</u>
PROPERTY & EQUIPMENT		
Office equipment	41,438	31,018
Less: accumulated depreciation	<u>(13,519)</u>	<u>(3,001)</u>
Net property & equipment	<u>27,919</u>	<u>28,017</u>
OTHER ASSETS	<u>18,500</u>	<u>18,500</u>
Total assets	<u>\$ 459,956</u>	<u>\$ 412,142</u>

See accountant's report and notes to the financial statements.

God's Word to the Nations Mission Society, Inc.
Statements of Financial Position
December 31, 2014 and 2013

LIABILITIES AND NET ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES		
Accounts payable & accrued expenses	\$ 147,788	\$ 185,680
Total Current Liabilities	<u>147,788</u>	<u>185,680</u>
NET ASSETS		
Unrestricted	312,168	226,462
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>312,168</u>	<u>226,462</u>
Total Liabilities and Net Assets	<u>\$ 459,956</u>	<u>\$ 412,142</u>

See accountant'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, 2014 and Six Months Ended, December 31, 2013**

				Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted	2014	7/1-12/31/13
PUBLIC SUPPORT					
Contributions	\$ 1,633,941	\$ -	\$ -	\$ 1,633,941	\$ 897,779
REVENUE					
Bible & scripture portion sales	194,796	-	-	194,796	86,464
Royalties & other	217,932	-	-	217,932	72,040
	<u>412,728</u>	<u>-</u>	<u>-</u>	<u>412,728</u>	<u>158,504</u>
Total support and net revenue	<u>2,046,669</u>	<u>-</u>	<u>-</u>	<u>2,046,669</u>	<u>1,056,283</u>
EXPENSES					
Program services					
Free scripture distribution	1,321,381	-	-	1,321,381	733,910
Support Services					
Management	177,896	-	-	177,896	70,034
Fundraising	461,686	-	-	461,686	269,405
Total expenses	<u>1,960,963</u>	<u>-</u>	<u>-</u>	<u>1,960,963</u>	<u>1,073,349</u>
Changes in Net Assets	85,706	-	-	85,706	(17,066)
Net assets - beginning of year	<u>226,462</u>	<u>-</u>	<u>-</u>	<u>226,462</u>	<u>243,528</u>
Net assets - end of year	<u>\$ 312,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,168</u>	<u>\$ 226,462</u>

See accountants' 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, 2014 and Six Months Ended, December 31, 2013**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>	
	<u>Free Scripture</u>				
	<u>Distribution</u>	<u>Management</u>	<u>Fundraising</u>	<u>2014</u>	<u>7/1/13-12/31/13</u>
Advertising	\$ 3,864	\$ -	\$ -	\$ 3,864	\$ 1,628
Agency fee	71,832	672	29,543	102,047	36,793
Auto & travel	6,728	-	-	6,728	8,199
Back-end marketing	35,465	332	14,586	50,383	28,850
Bad debts	12,290	-	-	12,290	-
Bank & finance charges	10,507	1,629	4,321	16,457	8,750
Promotional gifts	19,813	-	-	19,813	30,578
Consulting fee	-	-	-	-	9,000
Contract labor	-	7,454	-	7,454	1,100
Data processing	58,443	547	24,036	83,026	41,530
Depreciation	10,518	-	-	10,518	1,506
Dues & registration	65,623	614	26,989	93,226	2,185
Employee benefits	-	37,500	-	37,500	-
Front-end premiums	10,383	97	4,270	14,750	-
Fulfillment	28,204	264	11,600	40,068	-
Insurance	1,632	-	-	1,632	2,405
Legal & accounting	34,191	25,067	14,062	73,320	27,991
Mail list management	(13,032)	(122)	(5,360)	(18,514)	58,707
Materials	84,815	-	-	84,815	59,106
Miscellaneous	1,432	6	229	1,667	503
Office supplies	3,655	-	-	3,655	1,655
Occupancy	28,656	-	-	28,656	14,651
Postage	355,945	3,334	146,391	505,670	253,442
Printing & production costs	478,314	4,348	191,019	673,681	428,722
Repairs & maintenance	814	-	-	814	525
Salaries & wages	-	89,181	-	89,181	45,562
Shipping & handling	10,141	-	-	10,141	6,204
Taxes	-	6,973	-	6,973	3,561
Website	1,148	-	-	1,148	196
Total Functional Expenses	<u>1,321,381</u>	<u>\$ 177,896</u>	<u>\$ 461,686</u>	<u>\$ 1,960,963</u>	<u>\$ 1,073,349</u>

See accountants' report on supplementary information.

God's Word to the Nations Mission Society, Inc.**Statement of Cash Flows****For the Year Ended, December 31, 2014 and Six Months Ended, December 31, 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 85,706	\$ (17,066)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	10,518	1,505
Net Change in:		
Accounts receivable	(1,963)	3,773
Inventory	(16,360)	(10,159)
Prepaid expenses	(14,666)	(66,159)
Accounts payable and accrued expenses	(37,892)	82,200
Total adjustments	(60,363)	11,160
Net Cash Provided (Used) by Operating Activities	25,343	(5,906)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(10,420)	(24,111)
Net Cash Provided (Used) by Investing Activities	(10,420)	(24,111)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash Provided (Used) by Financing Activities	-	-
NET INCREASE (DECREASE) IN CASH	14,923	(30,017)
CASH AT BEGINNING OF YEAR	202,804	232,821
CASH AT END OF YEAR	<u>\$ 217,727</u>	<u>\$ 202,804</u>
SUPPLEMENTAL DISCLOSURES		
Cash Paid During the Year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>

See accountants' report and notes to the financial statements.

God's Word to the Nations Mission Society, Inc.
Notes to Financial Statements
For the Year ended, December 31, 2014 and Six Months Ended, June 30, 2013

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 1st 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.

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. Depreciation is provided using both accelerated and straight-line methods based upon the estimated useful lives of the asset. Furniture, fixtures, equipment and vehicles are depreciated over 5-7 years. Leasehold improvements are depreciated using the straight-line method over 39 years.

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 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

God's Word to the Nations Mission Society, Inc.
Notes to Financial Statements
For the Year ended, December 31, 2014 and Six Months Ended, June 30, 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 for the year ended, December 31, 2014 and six months ended, June 30, 2013 were \$10,141 and \$6,204, respectively.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense for the year ended, December 31, 2014 and six months ended, June 30 2013 were \$3,864 and \$1,628, respectively.

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. INVENTORY

Inventory is stated at cost and consisted of the following:

	<u>2014</u>	<u>2013</u>
Bible & scripture portion inventory (direct mail response)	\$ 9,587	\$ 12,959
Bible & scripture inventory	90,610	70,878
	<u>\$ 100,197</u>	<u>\$ 83,837</u>

God's Word to the Nations Mission Society, Inc.
Notes to Financial Statements
For the Year ended, December 31, 2014 and Six Months Ended, June 30, 2013

C. OTHER ASSETS

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

	<u>2014</u>	<u>2013</u>
Donated artifacts and collectibles	<u>\$ 18,500</u>	<u>\$ 18,500</u>

D. ALLOCATION OF JOINT ACTIVITIES

During the year ended, December 31, 2014 and six months ended, December 31, 2013, the Organization incurred joint costs of approximately \$01,660,858 and \$861,076, 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>2014</u>	<u>2013</u>
Program Services - Free scripture distribution	<u>\$ 1,169,092</u>	<u>\$ 591,667</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 at December 31, 2014 and 2013, were \$-0- and \$-0-, respectively.

F. 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.

G. OPERATING LEASE OBLIGATIONS

The Organization leases two office suites in Orange Park, Florida. The lease terms are month-to-month at a monthly rent of \$950. Total rent expense related to this lease for the year ended, December 31, 2014 was \$11,532.

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

Notes to Financial Statements

For the Year ended, December 31, 2014 and Six Months Ended, June 30, 2013

G. OPERATING LEASE OBLIGATIONS (continued)

The Organization also leases inventory warehouse space in Cleveland, Ohio and Fleming Island, Florida. The lease terms are month-to-month with monthly rents ranging from \$157 to \$456. Total rent expense related to these leases for the year ended, December 31, 2014 was \$10,846.

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 totaled \$37,500 for the year ended, December 31, 2014.

I. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 31, 2015, the date which the financial statements were available to be issued.