

*Financial Statements*

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

December 31, 2015

**God's Word to the Nations Mission Society, Inc.**  
**Contents of Financial Statements**  
**For the Years Ended, December 31, 2015 and 2014**

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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, 2015, 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, 2015, 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*

October 28, 2016

**God's Word to the Nations Mission Society, Inc.**  
**Statements of Financial Position**  
**December 31, 2015 and 2014**

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	ASSETS	
	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 300,423	\$ 217,727
Accounts receivable (net of allowance for bad debts of \$-0- at 2016 and 2015)	23,966	2,033
Inventory	151,596	100,197
Prepaid expenses	<u>82,666</u>	<u>93,580</u>
 Total current assets	 <u>558,651</u>	 <u>413,537</u>
<b>PROPERTY &amp; EQUIPMENT</b>		
Office equipment	52,600	41,438
Less: accumulated depreciation	<u>(25,272)</u>	<u>(13,519)</u>
 Net property & equipment	 <u>27,328</u>	 <u>27,919</u>
<b>OTHER ASSETS</b>		
	<u>18,500</u>	<u>18,500</u>
 Total assets	 <u><u>\$ 604,479</u></u>	 <u><u>\$ 459,956</u></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, 2015 and 2014**

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LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES		
Accounts payable & accrued expenses	\$ 200,577	\$ 147,788
Total Current Liabilities	<u>200,577</u>	<u>147,788</u>
NET ASSETS		
Unrestricted	403,902	312,168
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>403,902</u>	<u>312,168</u>
Total Liabilities and Net Assets	<u><u>\$ 604,479</u></u>	<u><u>\$ 459,956</u></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 Years Ended, December 31, 2015 and 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2015	2014
<b>PUBLIC SUPPORT</b>					
Contributions	\$ 1,405,424	\$ -	\$ -	\$ 1,405,424	\$ 1,633,941
<b>REVENUE</b>					
Bible & scripture portion sales	253,292	-	-	253,292	194,796
Royalties & other	259,651	-	-	259,651	217,932
	<u>512,943</u>	<u>-</u>	<u>-</u>	<u>512,943</u>	<u>412,728</u>
Total support and net revenue	<u>1,918,367</u>	<u>-</u>	<u>-</u>	<u>1,918,367</u>	<u>2,046,669</u>
<b>EXPENSES</b>					
Program services					
Free scripture distribution	1,298,689	-	-	1,298,689	1,321,381
Support Services					
Management	156,992	-	-	156,992	177,896
Fundraising	370,952	-	-	370,952	461,686
Total expenses	<u>1,826,633</u>	<u>-</u>	<u>-</u>	<u>1,826,633</u>	<u>1,960,963</u>
Changes in Net Assets	91,734	-	-	91,734	85,706
Net assets - beginning of year	<u>312,168</u>	<u>-</u>	<u>-</u>	<u>312,168</u>	<u>226,462</u>
Net assets - end of year	<u>\$ 403,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,902</u>	<u>\$ 312,168</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 Years Ended, December 31, 2015 and 2014**

	Program Services	Supporting Services		Total	
	Free Scripture Distribution	Management	Fundraising	2015	2014
Advertising	\$ 1,350	\$ -	\$ -	\$ 1,350	\$ 3,864
Agency fee	68,698	822	23,887	93,407	102,047
Auto & travel	10,965	-	-	10,965	6,728
Back-end marketing	32,899	394	11,439	44,732	50,383
Bad debts	254	-	-	254	12,290
Bank & finance charges	11,241	1,500	3,909	16,650	16,457
Promotional gifts	74,740	-	-	74,740	19,813
Contract labor	-	7,012	-	7,012	7,454
Data processing	61,284	733	21,309	83,326	83,026
Depreciation	11,752	-	-	11,752	10,518
Dues & registration	5,146	62	1,789	6,997	93,226
Employee benefits	-	57,500	-	57,500	37,500
Front-end premiums	33,642	403	11,698	45,743	14,750
Fulfillment	16,943	203	5,891	23,037	40,068
Insurance	2,952	-	-	2,952	1,632
Legal & accounting	52,707	14,360	18,327	85,394	73,320
Mail list management	141,197	1,689	15,242	158,128	(18,514)
Materials	67,681	-	-	67,681	84,815
Miscellaneous	7,058	51	1,540	8,649	1,667
Office supplies	3,022	-	-	3,022	3,655
Occupancy	32,071	-	-	32,071	28,656
Postage	276,942	3,316	96,295	376,553	505,670
Printing & production costs	372,497	4,328	159,626	536,451	673,681
Repairs & maintenance	466	-	-	466	814
Salaries & wages	-	60,000	-	60,000	89,181
Shipping & handling	11,357	-	-	11,357	10,141
Taxes	-	4,619	-	4,619	6,973
Website	1,825	-	-	1,825	1,148
<b>Total Functional Expenses</b>	<b>\$ 1,298,689</b>	<b>\$ 156,992</b>	<b>\$ 370,952</b>	<b>\$ 1,826,633</b>	<b>\$ 1,960,963</b>

See accountants' report on supplementary information.

**God's Word to the Nations Mission Society, Inc.**  
**Statement of Cash Flows**  
**For the Years Ended, December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 91,734	\$ 85,706
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	11,752	10,518
Net Change in:		
Accounts receivable	(21,933)	(1,963)
Inventory	(51,399)	(16,360)
Prepaid expenses	10,914	(14,666)
Accounts payable and accrued expenses	52,789	(37,892)
Total adjustments	<u>2,123</u>	<u>(60,363)</u>
Net Cash Provided (Used) by Operating Activities	<u>93,857</u>	<u>25,343</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	<u>(11,161)</u>	<u>(10,420)</u>
Net Cash Provided (Used) by Investing Activities	<u>(11,161)</u>	<u>(10,420)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	82,696	14,923
CASH AT BEGINNING OF YEAR	<u>217,727</u>	<u>202,804</u>
CASH AT END OF YEAR	<u>\$ 300,423</u>	<u>\$ 217,727</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
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 Years ended, December 31, 2015 and 2014**

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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 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 2012, 2013 and 2014 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 Years ended, December 31, 2015 and 2014**

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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 were \$11,358 and \$10,141 for the years ended, December 31, 2015 and 2014, respectively.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense was \$1,350 and \$3,864 for the years ended, December 31, 2015 and 2014, 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>2015</u>	<u>2014</u>
Bible & scripture portion inventory (direct mail response)	\$ 19,069	\$ 9,587
Bible & scripture inventory	132,527	90,610
	<u>\$ 151,596</u>	<u>\$ 100,197</u>

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

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

	<u>2015</u>	<u>2014</u>
Donated artifacts and collectibles	<u>\$ 18,500</u>	<u>\$ 18,500</u>

D. ALLOCATION OF JOINT ACTIVITIES

During the years ended, December 31, 2015 and 2014, the Organization incurred joint costs of approximately \$1,451,467 and \$1,660,858 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>2015</u>	<u>2014</u>
Program Services - Free scripture distribution	<u>\$ 1,067,504</u>	<u>\$ 1,169,092</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, 2015 and 2014, 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 \$987. Total rent expense related to this lease was \$11,997 and \$11,532 for the years ended, December 31, 2015 and 2014, respectively.

**God's Word to the Nations Mission Society, Inc.**  
**Notes to Financial Statements**  
**For the Years ended, December 31, 2015 and 2014**

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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 \$214 to \$456. Total rent expense related to these leases was \$11,732 and \$10,846 for the years ended, December 31, 2015 and 2014, respectively.

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 \$57,500 and \$37,500 for the years ended, December 31, 2015 and 2014, respectively.

I. CONCENTRATION

Approximately 71% 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, 2015, there is no provision in the financial statements for such an event, as a reasonable estimate cannot be made and no losses are anticipated.

J. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through October 28, 2016, the date which the financial statements were available to be issued.