

AUDIO SCRIPTURE MINISTRIES
(A Non-Profit Corporation)
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2015 AND 2014



DOLINKA, VANNOORD & COMPANY

A PROFESSIONAL LIMITED LIABILITY PARTNERSHIP

C e r t i f i e d P u b l i c A c c o u n t a n t s

INDEPENDENT AUDITORS' REPORT

To the Officers and Board of Directors
Audio Scripture Ministries
Holland, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Audio Scripture Ministries, which are comprised of the statement of financial position as of September 30, 2015 and 2014, and the related statements of activities (with comparative totals for 2014), 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 error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 Audio Scripture Ministries as of September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Audio Scripture Ministries' 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the period ended June 30, 2014, is consistent in all material respects, with the audited financial statements from which it has been derived.

Respectfully submitted,

DOLINKA, VANNOORD & COMPANY, P.L.L.P.



Certified Public Accountants
Grand Rapids, Michigan

December 09, 2015

**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015 AND 2014**

	ASSETS	
	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 450,122	\$ 369,521
Certificates of Deposit	499,532	469,464
Inventory (net of provision for obsolescence)	<u>27,335</u>	<u>10,854</u>
TOTAL CURRENT ASSETS	<u>\$ 976,989</u>	<u>\$ 849,839</u>
 PROPERTY AND EQUIPMENT		
Land	\$ 131,000	\$ 131,000
Building	321,500	321,500
Office Equipment	9,968	16,036
Recording Equipment	<u>-</u>	<u>1,288</u>
Totals	\$ 462,468	\$ 469,824
Less: Accumulated Depreciation	<u>(184,363)</u>	<u>(184,192)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 278,105</u>	<u>\$ 285,632</u>
 TOTAL ASSETS	 <u><u>\$ 1,255,094</u></u>	 <u><u>\$ 1,135,471</u></u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015 AND 2014**

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
LIABILITIES		
Accounts Payable	\$ 554	\$ 5,375
Accrued Expenses:		
Interest	591	503
Vacation Pay	1,981	1,223
Annuity Obligations	<u>4,513</u>	<u>5,712</u>
TOTAL LIABILITIES	<u>\$ 7,639</u>	<u>\$ 12,813</u>
NET ASSETS		
Unrestricted	\$ 902,487	\$ 826,315
Temporarily Restricted	<u>344,968</u>	<u>296,343</u>
TOTAL NET ASSETS	<u>\$ 1,247,455</u>	<u>\$ 1,122,658</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,255,094</u></u>	<u><u>\$ 1,135,471</u></u>

The accompanying notes are an integral part of these financial statements.
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**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)**

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUES				
Contributions	\$ 449,478	\$ 554,957	\$ 1,004,435	\$ 843,207
Handling Fee Income	49,429	-	49,429	40,509
Investment Income	3,074	-	3,074	3,959
Rent	2,410	-	2,410	3,702
Other Income	30,897	-	30,897	25,245
Net Assets Released from Restriction: Satisfaction of Program Restrictions	506,332	(506,332)	-	-
TOTAL SUPPORT AND REVENUES	<u>\$ 1,041,620</u>	<u>\$ 48,625</u>	<u>\$ 1,090,245</u>	<u>\$ 916,622</u>
EXPENSES				
Program Expenses:				
United States Ministries	\$ 41,753	\$ -	\$ 41,753	\$ 45,041
Overseas Ministries	780,971	-	780,971	792,608
Total Program Expenses	<u>\$ 822,724</u>	<u>\$ -</u>	<u>\$ 822,724</u>	<u>\$ 837,649</u>
Supporting Services:				
General Administration	\$ 93,734	\$ -	\$ 93,734	\$ 101,208
Fund Raising	48,990	-	48,990	44,598
Total Supporting Services	<u>\$ 142,724</u>	<u>\$ -</u>	<u>\$ 142,724</u>	<u>\$ 145,806</u>
TOTAL EXPENSES	<u>\$ 965,448</u>	<u>\$ -</u>	<u>\$ 965,448</u>	<u>\$ 983,455</u>
CHANGE IN NET ASSETS	\$ 76,172	\$ 48,625	\$ 124,797	\$ (66,833)
BEGINNING NET ASSETS	<u>826,315</u>	<u>296,343</u>	<u>1,122,658</u>	<u>1,189,491</u>
ENDING NET ASSETS	<u><u>\$ 902,487</u></u>	<u><u>\$ 344,968</u></u>	<u><u>\$ 1,247,455</u></u>	<u><u>\$ 1,122,658</u></u>

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**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From:		
Contributions and Handling Fee Income	\$ 1,053,864	\$ 883,716
Investment Income	3,074	3,959
Other Activities	33,307	29,047
Cash Paid For:		
Program Services	(833,150)	(804,393)
Supporting Services	(141,750)	(137,132)
Interest	<u>(2,100)</u>	<u>(1,841)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 113,245</u>	<u>\$ (26,644)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Purchase of Property and Equipment	\$ (1,377)	\$ -
Net Cash from Sale (Purchase) of Certificates of Deposit	<u>(30,068)</u>	<u>23,159</u>
NET CASH FROM INVESTING ACTIVITIES	<u>\$ (31,445)</u>	<u>\$ 23,159</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Payment of Annuity Obligations	<u>\$ (1,199)</u>	<u>\$ (1,427)</u>
NET INCREASE (DECREASE) IN CASH	<u>\$ 80,601</u>	<u>\$ (4,912)</u>
CASH - BEGINNING OF YEAR	<u>369,521</u>	<u>374,433</u>
CASH - END OF YEAR	<u><u>\$ 450,122</u></u>	<u><u>\$ 369,521</u></u>

The accompanying notes are an integral part of these financial statements.
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**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES

	<u>2015</u>	<u>2014</u>
CHANGE IN NET ASSETS	\$ 124,797	\$ (66,833)
ADJUSTMENTS		
Depreciation	8,904	8,676
CHANGES IN ASSETS AND LIABILITIES		
(Increase) Decrease in:		
Rent Payments Receivable	-	100
Inventory	(16,481)	27,357
Increase (Decrease) in:		
Accounts Payable	(4,821)	4,275
Payroll Withholding	-	(151)
Accrued Expenses	<u>846</u>	<u>(68)</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 113,245</u></u>	<u><u>\$ (26,644)</u></u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Audio Scripture Ministries (ASM) is organized under Section 501(c)(3) of the Internal Revenue Code and is also exempt from state taxation. The Organization's headquarters is located in Holland, Michigan.

ASM is committed to providing the Bible in audio that all might have the opportunity to hear God's Word in their own language. ASM's commitment to the Great Commission directs them to serve others as they:

- partner with churches, ministries and individuals toward creating and distributing audio Scripture media to communicate the good news of Jesus
- facilitate production of audio recordings of the Bible in each language needed by people groups around the world
- distribute either directly or through other ministries, suitably formatted Scripture recordings among both non-Christians and Christians, whether living in their homelands or elsewhere
- encourage and assist the development of projects for audio Scripture recording and/or distribution by indigenous and other ministries

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting utilizing three classes of net assets for reporting and presentation as follows:

Unrestricted net assets represent the Organization's resources that are available for operations. For reporting purposes it is the Organization's policy to record items with temporary restrictions which are satisfied within the same reporting period as unrestricted assets.

Temporarily restricted net assets represent contributions received by the Organization which have been designated for a special purpose by the donor namely for missionary support and special projects. Once the restrictions have been met, the contributions will be released from their restrictions.

Permanently restricted net assets represent contributions that are subject to restrictions of gift instruments requiring that the principal be maintained in perpetuity and invested; the income there from may be used to support operations. The Organization has no permanently restricted assets.

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The Organization places its cash and deposits with several financial institutions. Although such cash balances exceed the federally insured limits at certain times during the year and at year end, they are, in the opinion of management, subject to minimal risk.

Certificates of Deposit

The Certificates of Deposit purchased for investment have an initial maturity of greater than three months after the year end and are recorded at their contract price plus accrued interest.

Inventory

Purchased inventories are stated at the lower of cost (first-in, first-out method) or market, including provisions for obsolescence commensurate with known or estimated exposures and consist of recording equipment and materials held for future ministry distribution. Donated inventories are stated at fair market value at the date of the gift. Inventories are shown net of an obsolescence valuation reserve of \$6,760 and \$7,290 for the years ended September 30, 2015 and 2014, respectively.

Fixed Assets and Depreciation

Major property and equipment items are capitalized at cost or, if donated, at fair market value at the date of the gift and depreciated on the straight-line method over the estimated useful lives of the assets. Repairs and maintenance and minor furnishings and equipment purchases are charged to expense as incurred.

Depreciation expense was \$8,904 and \$8,676 for the years ended September 30, 2015 and 2014, respectively.

Public Support and Revenue

Contributions are recognized as revenue when donations are received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, based on expressed donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction has been satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Various individuals have named ASM as a beneficiary in their wills. ASM will recognize the donation upon receipt of funds.

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization receives approximately 800 volunteer hours per year.

Allocation of Expenses

Personnel costs are allocated between program and supporting services based on the estimated time devoted by the individuals involved. Various other expenses are also allocated by other appropriate methods.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3).

With few exceptions, periods ending September 30, 2012 and thereafter are subject to U.S. income tax examinations.

NOTE 2 - ANNUITY OBLIGATIONS

ASM has established a gift annuity plan whereby donors may contribute assets to the Organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. Upon the death of the donor, the funds become the property of ASM. Gift annuities are reflected on the balance sheet at the present value of the annuity payments based on life expectancy tables issued by the Internal Revenue Service.

NOTE 3 - OPERATING LEASES

The Organization leases office space at its Holland location under month to month leases. Total rent received under these operating leases amounted to \$2,410 and \$3,702 for the years ended September 30, 2015 and 2014, respectively.

The Organization has a 60 month operating lease for a copier requiring monthly payments of \$240. The lease expires March, 2020, at which time the copier can be purchased at fair market value. Total lease expense was \$3,088 and \$3,366 for the year ended September 30, 2015 and 2014, respectively.

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

NOTE 3 - OPERATING LEASES - Continued

The Organization has a 60 month operating lease with Pitney Bowes for a postage machine requiring monthly payments of \$127. The lease expires September, 2016, at which time the copier can be purchased at fair market value. Total lease expense for the years ended September 30, 2015 and 2014 was \$1,635 and \$1,539, respectively.

A schedule of minimum lease payments under the above non-cancelable operating leases is as follows:

<u>Year Ended</u>	<u>Amount</u>
September 30, 2016	\$ 4,404
September 30, 2017	2,880
September 30, 2018	2,880
September 30, 2019	2,880
September 30, 2020	<u>1,440</u>
TOTAL	<u><u>\$ 14,484</u></u>

NOTE 4 - SUBSEQUENT EVENTS

Management has evaluated subsequent transactions and events occurring after the statement of financial position date and through December 09, 2015, the date these financial statements were available to be issued, and has determined that no items require additional disclosure.

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

SUPPLEMENTARY INFORMATION

**AUDIO SCRIPTURE MINISTRIES
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	United States Ministries	Overseas Ministries	Program Expenses Subtotal	General Administration	Fund Raising	Support Services Subtotal	TOTAL EXPENSES
Annuity Interest Payments	\$ -	\$ -	\$ -	\$ -	\$ 2,100	\$ 2,100	\$ 2,100
Salaries and Wages	27,268	88,620	115,888	39,198	15,338	54,536	170,424
FICA Payroll Taxes	2,077	6,750	8,827	2,985	1,168	4,153	12,980
Group Health Insurance	4,885	17,261	22,146	7,491	2,931	10,422	32,568
Workers Compensation Insurance	532	1,881	2,413	816	320	1,136	3,549
Medical Reimbursements	2,030	7,174	9,204	3,113	1,218	4,331	13,535
Office Operation	1,038	3,668	4,706	1,592	622	2,214	6,920
Bank Service Charge	-	-	-	3,473	-	3,473	3,473
Promotion/Fundraising	-	-	-	-	21,664	21,664	21,664
Postage/Mailing	-	-	-	11,182	-	11,182	11,182
Dues and Subscriptions	-	-	-	1,270	-	1,270	1,270
Travel	-	6,569	6,569	999	-	999	7,568
Computer/Copier Operations	1,241	7,198	8,439	3,350	620	3,970	12,409
Utilities	-	8,009	8,009	1,001	1,001	2,002	10,011
Telephone/Communications	-	1,619	1,619	539	-	539	2,158
Depreciation	1,336	4,719	6,055	2,048	801	2,849	8,904
Building Repair and Maintenance	845	2,985	3,830	1,296	507	1,803	5,633
Building Insurance	501	2,654	3,155	1,152	700	1,852	5,007
Legal and Professional Fees	-	-	-	8,950	-	8,950	8,950
State Filing Fees	-	-	-	3,279	-	3,279	3,279
Overseas Ministries	-	417,161	417,161	-	-	-	417,161
Digital Players Ministries	-	86,859	86,859	-	-	-	86,859
Missionary Ministries	-	117,844	117,844	-	-	-	117,844
TOTALS	\$ 41,753	\$ 780,971	\$ 822,724	\$ 93,734	\$ 48,990	\$ 142,724	\$ 965,448
PERCENTAGE OF TOTAL EXPENSES	4.3%	80.9%	85.2%	9.7%	5.1%	14.8%	100.0%

See independent auditors' report.

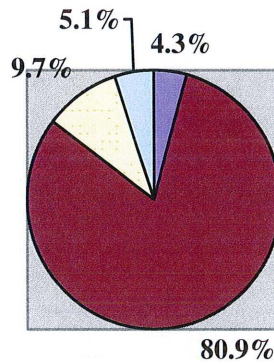
**AUDIO SCRIPTURE MINISTRIES
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	United States Ministries	Overseas Ministries	Program Expenses Subtotal	General Administration	Fund Raising	Support Services Subtotal	TOTAL EXPENSES
Annuity Interest Payments	\$ -	\$ -	\$ -	\$ -	\$ 1,841	\$ 1,841	\$ 1,841
Salaries and Wages	29,293	95,202	124,495	42,108	16,477	58,585	183,080
FICA Payroll Taxes	2,242	7,288	9,530	3,223	1,262	4,485	14,015
Group Health Insurance	7,156	25,286	32,442	10,973	4,294	15,267	47,709
Workers' Compensation Insurance	734	2,594	3,328	1,126	441	1,567	4,895
Medical Reimbursements	459	1,621	2,080	704	275	979	3,059
Office Operation	1,458	5,153	6,611	2,236	876	3,112	9,723
Bank Service Charge	-	-	-	1,343	-	1,343	1,343
Promotion/Fundraising	-	-	-	-	15,707	15,707	15,707
Postage/Mailing	-	-	-	7,703	-	7,703	7,703
Dues and Subscriptions	-	-	-	1,290	-	1,290	1,290
Travel	-	5,241	5,241	9,106	-	9,106	14,347
Computer/Copier Operations	1,367	7,929	9,296	3,691	684	4,375	13,671
Utilities	-	7,735	7,735	967	967	1,934	9,669
Telephone/Communications	-	1,868	1,868	623	-	623	2,491
Depreciation	1,301	4,598	5,899	1,995	782	2,777	8,676
Building Repair and Maintenance	563	1,989	2,552	863	337	1,200	3,752
Building Insurance	468	2,479	2,947	1,076	655	1,731	4,678
Legal and Professional Fees	-	-	-	8,950	-	8,950	8,950
State Filing Fees	-	-	-	3,231	-	3,231	3,231
Overseas Ministries	-	326,667	326,667	-	-	-	326,667
Digital Players Ministries	-	78,834	78,834	-	-	-	78,834
Missionary Ministries	-	218,124	218,124	-	-	-	218,124
TOTALS	\$ 45,041	\$ 792,608	\$ 837,649	\$ 101,208	\$ 44,598	\$ 145,806	\$ 983,455
PERCENTAGE OF TOTAL EXPENSES	4.6%	80.6%	85.2%	10.3%	4.5%	14.8%	100.0%

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
EXPENSES BY FUNCTION
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

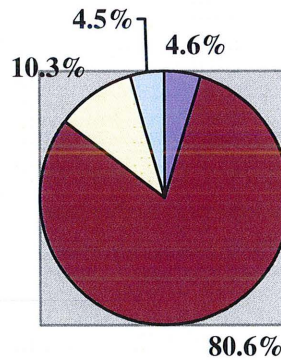
2015



U.S. Ministries	4.3%
Overseas Ministry	80.9%
General Administrative Expenses	9.7%
Fund Raising	5.1%

PROGRAM EXPENSES	85.2 %
SUPPORTING SERVICES	14.8 %

2014



U.S. Ministries	4.6%
Overseas Ministry	80.6%
General Administrative Expenses	10.3%
Fund Raising	4.5%

PROGRAM EXPENSES	85.2 %
SUPPORTING SERVICES	14.8 %

See independent auditors' report.