

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

SEPTEMBER 30, 2018 AND 2017



DOLINKA, VANNOORD & COMPANY

A PROFESSIONAL LIMITED LIABILITY PARTNERSHIP

Certified Public Accountants

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, 2018 and 2017, and the related statements of activities (with comparative totals for 2017), 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, 2018 and 2017, 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' 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the period ended September 30, 2017, 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 19, 2018

**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017**

	ASSETS	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 278,149	\$ 525,022
Certificates of Deposit	499,250	447,356
Inventory	<u>20,255</u>	<u>37,319</u>
TOTAL CURRENT ASSETS	<u>\$ 797,654</u>	<u>\$ 1,009,697</u>
 PROPERTY AND EQUIPMENT		
Land	\$ 131,000	\$ 131,000
Building	338,251	338,251
Office Equipment	<u>16,949</u>	<u>16,949</u>
Totals	\$ 486,200	\$ 486,200
Less: Accumulated Depreciation	<u>(214,651)</u>	<u>(203,634)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 271,549</u>	<u>\$ 282,566</u>
 TOTAL ASSETS	<u><u>\$ 1,069,203</u></u>	<u><u>\$ 1,292,263</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, 2018 AND 2017**

	LIABILITIES AND NET ASSETS	
	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Accrued Expenses:		
Interest	\$ 690	\$ 710
Vacation Pay	2,714	754
Annuity Obligations	<u>1,996</u>	<u>3,256</u>
TOTAL CURRENT LIABILITIES	<u>\$ 5,400</u>	<u>\$ 4,720</u>
 NET ASSETS		
Unrestricted	\$ 705,626	\$ 887,492
Temporarily Restricted	<u>358,177</u>	<u>400,051</u>
TOTAL NET ASSETS	<u>\$ 1,063,803</u>	<u>\$ 1,287,543</u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,069,203</u></u>	<u><u>\$ 1,292,263</u></u>

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**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUES				
Contributions	\$ 373,753	\$ 530,318	\$ 904,071	\$ 1,094,418
Handling Fee Income	39,660	-	39,660	48,979
Investment Income	7,753	-	7,753	6,712
Rent	11,396	-	11,396	4,243
Net Assets Released from Restriction: Satisfaction of Program Restrictions	572,192	(572,192)	-	-
TOTAL SUPPORT AND REVENUES	\$ 1,004,754	\$ (41,874)	\$ 962,880	\$ 1,154,352
EXPENSES				
Program Expenses:				
United States Ministries	\$ 66,061	\$ -	\$ 66,061	\$ 26,778
Overseas Ministries	919,238	-	919,238	1,047,051
Total Program Expenses	\$ 985,299	\$ -	\$ 985,299	\$ 1,073,829
Supporting Services:				
General Administration	\$ 123,892	\$ -	\$ 123,892	\$ 123,266
Fundraising	77,429	-	77,429	56,540
Total Supporting Services	\$ 201,321	\$ -	\$ 201,321	\$ 179,806
TOTAL EXPENSES	\$ 1,186,620	\$ -	\$ 1,186,620	\$ 1,253,635
CHANGE IN NET ASSETS	\$ (181,866)	\$ (41,874)	\$ (223,740)	\$ (99,283)
BEGINNING NET ASSETS	887,492	400,051	1,287,543	1,386,826
ENDING NET ASSETS	\$ 705,626	\$ 358,177	\$ 1,063,803	\$ 1,287,543

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**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From:		
Contributions and Handling Fee Income	\$ 943,731	\$ 1,143,397
Investment Income	7,753	6,712
Other Activities	2,896	4,243
Cash Paid For:		
Program Services	(958,193)	(1,079,347)
Supporting Services	(185,996)	(172,379)
Interest	<u>(3,910)</u>	<u>(2,766)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (193,719)</u>	<u>\$ (100,140)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Purchase of Property and Equipment	\$ -	\$ (23,733)
Net Cash from Sale (Purchase) of Certificates of Deposit	<u>(51,894)</u>	<u>2,385</u>
NET CASH FROM INVESTING ACTIVITIES	<u>\$ (51,894)</u>	<u>\$ (21,348)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Payment of Annuity Obligations	<u>\$ (1,260)</u>	<u>\$ (470)</u>
NET INCREASE (DECREASE) IN CASH	\$ (246,873)	\$ (121,958)
CASH - BEGINNING OF YEAR	<u>525,022</u>	<u>646,980</u>
CASH - END OF YEAR	<u><u>\$ 278,149</u></u>	<u><u>\$ 525,022</u></u>

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**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

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

	<u>2018</u>	<u>2017</u>
CHANGE IN NET ASSETS	\$ (223,740)	\$ (99,283)
ADJUSTMENTS		
Depreciation	11,017	10,139
CHANGES IN ASSETS AND LIABILITIES		
(Increase) Decrease in:		
Inventory	17,064	(6,938)
Increase (Decrease) in:		
Accounts Payable	-	(375)
Accrued Expenses	<u>1,940</u>	<u>(3,683)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (193,719)</u>	<u>\$ (100,140)</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, 2018 AND 2017**

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.

Temporarily restricted net assets represent contributions received by the Organization which have been restricted 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 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, 2018 AND 2017**

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, cash equivalents, and certificates of deposit 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. There is no obsolescence valuation necessary for the years ended September 30, 2018 and 2017, respectively.

Fixed Assets and Depreciation

Major property and equipment items are capitalized at cost, or if donated, at fair market value on the date of the gift. The Organization capitalizes assets acquired with a cost over \$3,000. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Repairs and maintenance and minor furnishings and equipment purchases are charged to expense as incurred.

Depreciation expense was \$11,017 and \$10,139 for the years ended September 30, 2018 and 2017, 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, 2018 AND 2017**

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 received approximately 2,400 volunteer hours for the year ending September 30, 2018.

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, 2015 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

Income

The Organization leases office space at its Holland location. One lease runs through December 31, 2018. This lease requires monthly payments of \$250 plus 3% of monthly utilities. The Organization also entered into a month to month in-kind lease agreement with another organization. The lease is valued at \$8,500 per year and is reflected in rent revenue. Total rent income under these operating leases amounted to \$11,396 and \$4,243 for the years ended September 30, 2018 and 2017, 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, 2018 AND 2017

NOTE 3 - OPERATING LEASES - Continued

Expense

The Organization has a 60 month operating lease with Pitney Bowes for a postage machine requiring quarterly payments of \$346. The lease expires December, 2021. Total lease expense for the years ended September 30, 2018 and 2017 was \$1,383 and \$1,132, respectively.

The Organization has a 60 month operating lease for a copier requiring monthly payments of \$240, plus additional fees based on printing volume. The lease expires March, 2020, at which time the copier can be purchased at fair market value. Total lease expense was \$3,051 and \$2,599 for the year ended September 30, 2018 and 2017, respectively.

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

<u>Year Ended</u>	<u>Amount</u>
September 30, 2019	\$ 4,260
September 30, 2020	2,820
September 30, 2021	1,380
September 30, 2022	<u>345</u>
TOTAL	<u><u>\$ 8,805</u></u>

NOTE 4 - SUBSEQUENT EVENTS

Management has evaluated subsequent transactions and events occurring after the statement of financial position date and through December 19, 2018, 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, 2018**

	United States Ministries	Overseas Ministries	Program Expenses Subtotal	General Administration	Fundraising	Support Services Subtotal	TOTAL EXPENSES
Annuity Interest Payments	\$ -	\$ -	\$ -	\$ -	\$ 3,910	\$ 3,910	\$ 3,910
Salaries and Wages	32,187	148,553	180,740	54,470	12,379	66,849	247,589
FICA Payroll Taxes	2,443	11,275	13,718	4,134	939	5,073	18,791
Group Health Insurance	9,525	43,964	53,489	16,120	3,664	19,784	73,273
Workers Compensation Insurance	781	3,605	4,386	1,322	301	1,623	6,009
Medical Reimbursements	1,191	5,499	6,690	2,016	459	2,475	9,165
Office Operation	938	2,170	3,108	3,115	2,779	5,894	9,002
Bank Service Charge	-	935	935	2,626	-	2,626	3,561
Promotion/Fundraising	785	784	1,569	-	32,600	32,600	34,169
Postage/Mailing	2,486	-	2,486	4,229	-	4,229	6,715
Dues and Subscriptions	-	775	775	2,641	-	2,641	3,416
Travel	4,851	14,553	19,404	3,741	1,696	5,437	24,841
Computer/Copier Operations	1,692	9,812	11,504	4,568	846	5,414	16,918
Utilities	191	1,143	1,334	4,193	4,002	8,195	9,529
Telephone/Communications	59	354	413	1,299	1,241	2,540	2,953
Depreciation	220	1,322	1,542	4,847	4,628	9,475	11,017
Building Repair and Maintenance	109	655	764	2,402	2,292	4,694	5,458
Building Insurance	103	619	722	2,269	2,165	4,434	5,156
Legal and Professional Fees	-	-	-	9,900	-	9,900	9,900
State Filing Fees	-	-	-	-	3,528	3,528	3,528
Overseas Ministries	-	122,229	122,229	-	-	-	122,229
Digital Players Ministries	-	83,703	83,703	-	-	-	83,703
Missionary Ministries	8,500	467,288	475,788	-	-	-	475,788
TOTALS	<u>\$ 66,061</u>	<u>\$ 919,238</u>	<u>\$ 985,299</u>	<u>\$ 123,892</u>	<u>\$ 77,429</u>	<u>\$ 201,321</u>	<u>\$ 1,186,620</u>
PERCENTAGE OF TOTAL EXPENSES	<u>5.6%</u>	<u>77.5%</u>	<u>83.1%</u>	<u>10.4%</u>	<u>6.5%</u>	<u>16.9%</u>	<u>100.0%</u>

See independent auditors' report.

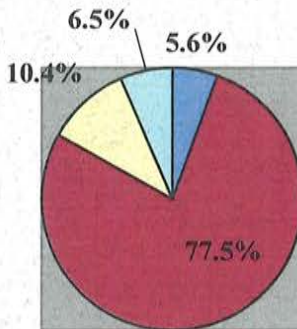
AUDIO SCRIPTURE MINISTRIES
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	United States Ministries	Overseas Ministries	Program Expenses Subtotal	General Administration	Fundraising	Support Services Subtotal	TOTAL EXPENSES
Annuity Interest Payments	\$ -	\$ -	\$ -	\$ -	\$ 2,766	\$ 2,766	\$ 2,766
Salaries and Wages	16,798	97,428	114,226	45,354	8,399	53,753	167,979
FICA Payroll Taxes	1,312	7,612	8,924	3,543	657	4,200	13,124
Group Health Insurance	5,162	29,939	35,101	13,937	2,581	16,518	51,619
Workers' Compensation Insurance	513	2,975	3,488	1,385	257	1,642	5,130
Medical Reimbursements	994	5,767	6,761	2,685	497	3,182	9,943
Office Operation	165	992	1,157	3,636	3,470	7,106	8,263
Bank Service Charge	-	-	-	5,751	-	5,751	5,751
Promotion/Fundraising	-	-	-	-	22,332	22,332	22,332
Postage/Mailing	-	2,476	2,476	6,680	-	6,680	9,156
Dues and Subscriptions	-	-	-	4,578	-	4,578	4,578
Travel	-	9,894	9,894	3,682	-	3,682	13,576
Computer/Copier Operations	1,119	6,491	7,610	3,022	560	3,582	11,192
Utilities	197	1,184	1,381	4,340	4,143	8,483	9,864
Telephone/Communications	51	308	359	1,129	1,077	2,206	2,565
Depreciation	203	1,217	1,420	4,461	4,258	8,719	10,139
Building Repair and Maintenance	163	980	1,143	3,593	3,431	7,024	8,167
Building Insurance	101	604	705	2,214	2,112	4,326	5,031
Legal and Professional Fees	-	-	-	9,700	-	9,700	9,700
State Filing Fees	-	-	-	3,576	-	3,576	3,576
Overseas Ministries	-	307,821	307,821	-	-	-	307,821
Digital Players Ministries	-	65,128	65,128	-	-	-	65,128
Missionary Ministries	-	506,235	506,235	-	-	-	506,235
TOTALS	\$ 26,778	\$ 1,047,051	\$ 1,073,829	\$ 123,266	\$ -56,540	\$ 179,806	\$ 1,253,635
PERCENTAGE OF TOTAL EXPENSES	2.2%	83.5%	85.7%	9.8%	4.5%	14.3%	100.0%

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
EXPENSES BY FUNCTION
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

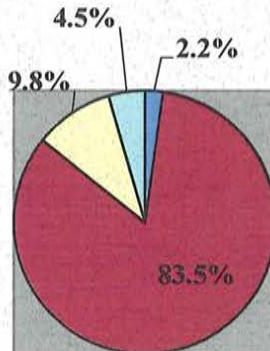
2018



■ U.S. Ministries	5.6%
■ Overseas Ministry	77.5%
■ General Administrative Expenses	10.4%
■ Fundraising	6.5%

PROGRAM EXPENSES	83.1 %
SUPPORTING SERVICES	16.9 %

2017



■ U.S. Ministries	2.2%
■ Overseas Ministry	83.5%
■ General Administrative Expenses	9.8%
■ Fundraising	4.5%

PROGRAM EXPENSES	85.7 %
SUPPORTING SERVICES	14.3 %

See independent auditors' report.