

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

**SEPTEMBER 30, 2019 AND 2018**



# 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, 2019 and 2018, and the related statements of activities (with comparative totals for 2018), 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 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, 2019 and 2018, 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.

## Change in Accounting Principle

As discussed in Note 2 to the financial statements, Audio Scripture Ministries has elected to adopt the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* during the fiscal year ended September 30, 2019. Our opinion is not modified with respect to that matter.

## 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' 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the period ended September 30, 2018, 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, 2019

**AUDIO SCRIPTURE MINISTRIES  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2019 AND 2018**

	<b>ASSETS</b>	
	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 487,167	\$ 278,149
Certificates of Deposit	100,088	499,250
Accounts Receivable	201	-
Inventory	<u>20,255</u>	<u>20,255</u>
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 607,711</u>	<u>\$ 797,654</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Land	\$ 131,000	\$ 131,000
Building	389,330	338,251
Office Equipment	<u>16,949</u>	<u>16,949</u>
<b>Totals</b>	\$ 537,279	\$ 486,200
Less: Accumulated Depreciation	<u>(218,588)</u>	<u>(214,651)</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>\$ 318,691</u>	<u>\$ 271,549</u>
 <b>TOTAL ASSETS</b>	<u><u>\$ 926,402</u></u>	<u><u>\$ 1,069,203</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, 2019 AND 2018**

<b>LIABILITIES AND NET ASSETS</b>		
	<u>2019</u>	<u>2018</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 18,052	\$ -
Accrued Expenses:		
Interest	690	690
Vacation Pay	4,719	2,714
Annuity Obligations	<u>1,650</u>	<u>1,996</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>\$ 25,111</u>	<u>\$ 5,400</u>
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	\$ 521,844	\$ 322,355
Board Designation	<u>60,597</u>	<u>383,271</u>
Total Net Assets Without Donor Restrictions	\$ 582,441	\$ 705,626
With Donor Restrictions	<u>318,850</u>	<u>358,177</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 901,291</u>	<u>\$ 1,063,803</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 926,402</u></u>	<u><u>\$ 1,069,203</u></u>

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

**AUDIO SCRIPTURE MINISTRIES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 339,282	\$ 662,734	\$ 1,002,016	\$ 904,071
Handling Fee Income	40,198	-	40,198	39,660
Interest Income	15,204	-	15,204	7,753
Rent	11,855	-	11,855	11,396
Loss on Sale of Assets	(1,458)	-	(1,458)	-
Net Assets Released from Restriction	702,061	(702,061)	-	-
<b>TOTAL SUPPORT AND REVENUES</b>	<u>\$ 1,107,142</u>	<u>\$ (39,327)</u>	<u>\$ 1,067,815</u>	<u>\$ 962,880</u>
<b>EXPENSES</b>				
Program Expenses:	\$ 966,805	\$ -	\$ 966,805	\$ 985,299
Supporting Services:				
General Administration	151,144	-	151,144	123,892
Fundraising	112,378	-	112,378	77,429
<b>TOTAL EXPENSES</b>	<u>\$ 1,230,327</u>	<u>\$ -</u>	<u>\$ 1,230,327</u>	<u>\$ 1,186,620</u>
<b>CHANGE IN NET ASSETS</b>	\$ (123,185)	\$ (39,327)	\$ (162,512)	\$ (223,740)
<b>BEGINNING NET ASSETS</b>	<u>705,626</u>	<u>358,177</u>	<u>1,063,803</u>	<u>1,287,543</u>
<b>ENDING NET ASSETS</b>	<u><u>\$ 582,441</u></u>	<u><u>\$ 318,850</u></u>	<u><u>\$ 901,291</u></u>	<u><u>\$ 1,063,803</u></u>

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See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Program Services						Supporting Services		
	Resource Distribution	Language and Recordings	Integral Missions	Partnership and Collaborations	Resources and Technology	<b>Total Programs</b>	General Administration	Fundraising	<b>TOTAL EXPENSES</b>
Annuity Interest Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,760	\$ -	\$ 2,760
Salaries and Wages	63,231	37,415	11,914	77,555	35,115	225,230	61,175	67,202	353,607
FICA Payroll Taxes	4,810	2,846	906	5,899	2,671	17,132	4,654	5,112	26,898
Group Health Insurance	13,193	7,807	2,486	16,182	7,327	46,995	12,763	14,022	73,780
Workers Compensation Insurance	1,159	686	218	1,421	643	4,127	1,121	1,232	6,480
Medical Reimbursements	1,178	697	222	1,444	654	4,195	1,139	1,252	6,586
Office Equipment and Supplies	2,289	1,079	344	2,236	1,013	6,961	1,764	1,938	10,663
Bank Service Charge	-	-	-	-	-	-	5,961	-	5,961
Advertising	-	-	-	-	-	-	19,401	1,046	20,447
Postage and Mailing	1,787	-	-	932	-	2,719	311	1,864	4,894
Dues and Subscriptions	-	-	-	-	-	-	3,378	1,372	4,750
Travel	4,354	-	792	2,375	791	8,312	1,124	2,375	11,811
Software	1,558	922	294	1,911	865	5,550	1,507	1,656	8,713
Utilities	1,788	1,058	337	2,193	993	6,369	1,728	1,900	9,997
Internet and Phone	1,048	620	197	1,285	582	3,732	1,014	1,113	5,859
Depreciation	2,321	1,373	437	2,847	1,289	8,267	2,245	2,467	12,979
Equipment Rent	1,148	679	216	1,408	637	4,088	1,111	1,220	6,419
Repairs and Maintenance	2,415	1,429	455	2,961	1,341	8,601	2,335	2,566	13,502
Building Insurance	940	556	177	1,153	522	3,348	912	999	5,259
Contributions	-	-	-	-	-	-	8,500	-	8,500
Legal and Professional Fees	-	-	-	-	-	-	10,561	-	10,561
State Filing Fees	-	-	-	-	-	-	-	2,622	2,622
Training and Conference	38	4,472	38	113	35	4,696	5,680	420	10,796
Digital Players Ministries	89,985	-	-	-	55,063	145,048	-	-	145,048
Missionary Support	232,999	87,108	128,360	12,968	-	461,435	-	-	461,435
<b>TOTALS</b>	<u>\$ 426,241</u>	<u>\$ 148,747</u>	<u>\$ 147,393</u>	<u>\$ 134,883</u>	<u>\$ 109,541</u>	<u>\$ 966,805</u>	<u>\$ 151,144</u>	<u>\$ 112,378</u>	<u>\$ 1,230,327</u>
<b>PERCENTAGE OF TOTAL EXPENSES</b>	<u>34.6%</u>	<u>12.1%</u>	<u>12.0%</u>	<u>11.0%</u>	<u>8.9%</u>	<u>78.6%</u>	<u>12.3%</u>	<u>9.1%</u>	<u>100.0%</u>

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**AUDIO SCRIPTURE MINISTRIES  
STATEMENT 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
<b>TOTALS</b>	<b>\$ 66,061</b>	<b>\$ 919,238</b>	<b>\$ 985,299</b>	<b>\$ 123,892</b>	<b>\$ 77,429</b>	<b>\$ 201,321</b>	<b>\$ 1,186,620</b>
<b>PERCENTAGE OF TOTAL EXPENSES</b>	<b>5.6%</b>	<b>77.5%</b>	<b>83.1%</b>	<b>10.4%</b>	<b>6.5%</b>	<b>16.9%</b>	<b>100.0%</b>

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



**AUDIO SCRIPTURE MINISTRIES  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received From:		
Contributions and Handling Fee Income	\$ 941,487	\$ 943,731
Interest Income	15,204	7,753
Other Activities	3,154	2,896
Cash Paid For:		
Operations	(1,085,304)	(1,144,189)
Interest	<u>(2,760)</u>	<u>(3,910)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ (128,219)</u>	<u>\$ (193,719)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Purchase of Property and Equipment	\$ (61,579)	\$ -
Net Cash from Sale (Purchase) of Certificates of Deposit	<u>399,162</u>	<u>(51,894)</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>\$ 337,583</u>	<u>\$ (51,894)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Payment of Annuity Obligations	<u>\$ (346)</u>	<u>\$ (1,260)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	\$ 209,018	\$ (246,873)
<b>CASH - BEGINNING OF YEAR</b>	<u>278,149</u>	<u>525,022</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 487,167</u></u>	<u><u>\$ 278,149</u></u>

**NON-CASH TRANSACTIONS**

The Organization received \$100,727 of donated goods for the year ended September 30, 2019.

The Organization rents warehouse space as a part of an in-kind lease. The non-cash rental income, with offsetting contribution expense, was \$8,500 for each of the years ended September 30, 2019 and 2018.

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

**AUDIO SCRIPTURE MINISTRIES**  
**STATEMENT OF CASH FLOWS - CONTINUED**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

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

	<u>2019</u>	<u>2018</u>
<b>CHANGE IN NET ASSETS</b>	\$ (162,512)	\$ (223,740)
<b>ADJUSTMENTS</b>		
Depreciation	12,979	11,017
Loss on Disposal of Assets	1,458	-
<b>CHANGES IN ASSETS AND LIABILITIES</b>		
<b>(Increase) Decrease in:</b>		
Accounts Receivable	(201)	-
Inventory	-	17,064
<b>Increase (Decrease) in:</b>		
Accounts Payable	18,052	-
Accrued Expenses	<u>2,005</u>	<u>1,940</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u><u>\$ (128,219)</u></u>	<u><u>\$ (193,719)</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, 2019 AND 2018**

**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. ASM's international headquarters is located in Holland, Michigan.

ASM helps connect people to God's Word in their own heart language. They do this by recording and distributing the Bible and Bible Engagement Resources in audio.

ASM is committed to:

- **Partnership and Collaboration** - with national leaders, churches, ministries, and individuals, so all may hear the Good News of the Gospel.
- **Record** - to record, or facilitate the recording of, audio Bible or Bible Engagement Resources in heart languages of people groups globally.
- **Distribute** - to distribute audio Bibles and Bible Engagement Resources directly through ASM ministries, or by collaborating with the hundreds of partner ministries, churches, and individuals who now use audio Bibles.
- **Integral Mission** - serving as the hands and feet of Jesus, in Compassionate Care Ministry (hospice and palliative care) and New Harvest Farm Ministry (agricultural and farming) in Mozambique, and in disaster relief, as needed.

**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.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through the provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through the valuation allowance and a credit to the applicable receivable. The reserve for uncollectible accounts was \$-0- at September 30, 2019.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Inventory**

Purchased inventories are stated at the lower of cost (first-in, first-out method) or net realizable value, 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, 2019 and 2018, 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 \$12,979 and \$11,017 for the years ended September 30, 2019 and 2018, respectively.

**Net Assets**

The financial statements of Audio Scripture Ministries have been prepared in accordance with U.S. generally accepted accounting principles, which require Audio Scripture Ministries to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Audio Scripture Ministries' management and the board of directors.

**Net Assets with Donor Restrictions** – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Audio Scripture Ministries or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Net Assets Without Donor Restrictions - Board Designated**

The Organization's board of directors have set aside funds for specific uses. See the following detail for board designated net assets:

	<u>2019</u>	<u>2018</u>
National Partners Emergency	\$ 20,000	\$ 20,000
Ministry Gift	-	297,738
Building Repair	63	25,000
Annuity Payments	<u>40,534</u>	<u>40,533</u>
Total Board Designated Net Assets	<u>\$ 60,597</u>	<u>\$ 383,271</u>

**Net Assets with Donor Restrictions - Purpose**

The Organization has received contributions which have been restricted for a specific purpose by the donor. Net assets with purpose restrictions consist of the following at September 30, 2019:

	<u>2019</u>	<u>2018</u>
Missionary Support	\$ 65,929	\$ 99,926
Integral Ministry	59,333	33,085
Language/Recordings	98,793	99,297
Audio Bibles/Distributions	94,795	92,308
Resources/Technology	<u>-</u>	<u>33,561</u>
Total Net Assets with Donor Restrictions	<u>\$ 318,850</u>	<u>\$ 358,177</u>

**Public Support and Revenue**

Contributions are recognized as revenue when donations are received. Contributions received are recorded as support without donor restrictions and with donor restrictions depending on the existence and nature of any donor restrictions. Funds are released from net assets with restrictions when expenses have been incurred in satisfaction of these donor restrictions.

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

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Non-Cash Donations of Services and Supplies**

Many individuals selflessly volunteer their time and perform a variety of tasks which assure the ongoing success of Audio Scripture Ministries. The Organization estimates that it received approximately 2,500 volunteer hours for the year ending September 30, 2019. However, these services do not meet the criteria for recognition as contributed services for accounting purposes and have not been reflected in the financial statements for donated services.

Donated supplies have been recognized in the accompanying financial statements at their fair market value for the years ended September 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Agricultural Equipment, Humanitarian Goods and Medical Supplies	\$ 20,066	\$ -
Media Players	<u>80,660</u>	<u>-</u>
Total Non-Cash Donations Recorded	<u>\$ 100,726</u>	<u>\$ -</u>

**Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, FICA payroll taxes, group health insurance, workers compensation insurance, medical reimbursements, office equipment and supplies, software, utilities, internet and phone, depreciation, equipment rent, repairs and maintenance, building repair and maintenance, and building insurance which are allocated based on estimates of time spent on a full time equivalency method, and postage and freight and travel were allocated based on time and effort.

**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, 2016 and thereafter are subject to U.S. income tax examinations.

See independent auditors' report.



**AUDIO SCRIPTURE MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 2 - ADOPTION OF NEW ACCOUNTING STANDARD**

For the year ended September 30, 2019 the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

**NOTE 3 - AVAILABILITY AND LIQUIDITY**

As of September 30, 2019 the Organization has \$208,009 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Except what is listed below, the financial assets are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Organization's written cash management plan is to keep enough cash on hand to cover obligations as they come due. Excess cash that is above what is needed at the time is invested in certificates of deposits that are all scheduled to become available within one year.

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>2019</u>
Financial Assets at Year End:	
Cash	\$ 487,167
Certificates of Deposit	100,088
Accounts Receivable	<u>201</u>
Total Financial Assets	<u>\$ 587,456</u>
Less Amounts Not Available to be Used within One Year	
Net Assets with Restrictions	\$ 318,850
Board Designated Net Assets	<u>60,597</u>
Total Amounts Not Available within One Year	<u>\$ 379,447</u>
<b>Financial Assets Available to Meet General</b>	
<b>Expenditures Over the Next Twelve Months</b>	<u><u>\$ 208,009</u></u>

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 4 - 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 5 - OPERATING LEASES**

**Income**

The Organization leases office space at its Holland location. One lease runs through October 31, 2019. This lease requires monthly payments of \$250 plus 4% of monthly utilities for the years ended September 30, 2019 and 2018. The Organization is also part of 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 for the years ended September 30, 2019 and 2018. Total rent income under these operating leases amounted to \$11,855 and \$11,396 for the years ended September 30, 2019 and 2018, respectively.

**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, 2019 and 2018 was \$1,383 and \$1,383, 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 \$2,880 and \$3,051 for the year ended September 30, 2019 and 2018, 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, 2020	\$ 2,820
September 30, 2021	1,380
September 30, 2022	<u>345</u>
<b>TOTAL</b>	<u><u>\$ 4,545</u></u>

**NOTE 6 - SUBSEQUENT EVENTS**

Management has evaluated subsequent transactions and events occurring after the statement of financial position date and through December 19, 2019, the date these financial statements were available to be issued, and has determined that no items require additional disclosure.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 7 - RECLASSIFICATIONS**

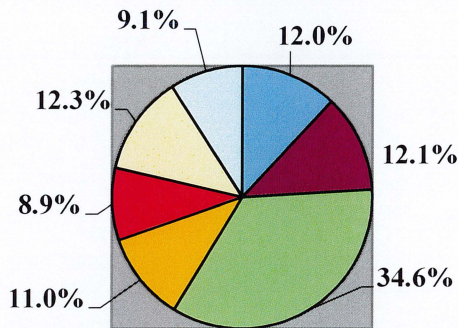
Certain reclassifications have been made to the September 30, 2018 financial statements to conform with the September 30, 2019 financial statement presentation. Such reclassifications have no effect on the change in net assets previously reported.

See independent auditors' report.

## **SUPPLEMENTARY INFORMATION**

**AUDIO SCRIPTURE MINISTRIES  
EXPENSES BY FUNCTION  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

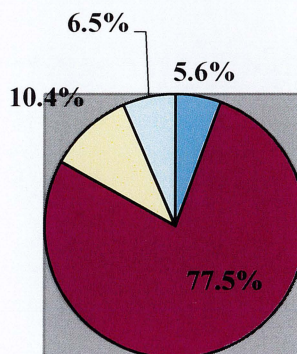
**2019**



Integral Missions	12.0%
Language and Recordings	12.1%
Resource Distribution	34.6%
Partnership and Collaborations	11.0%
Resources and Technology	8.9%
General Administrative Expenses	12.3%
Fundraising	9.1%

<b>PROGRAM EXPENSES</b>	<b>78.6 %</b>
<b>SUPPORTING SERVICES</b>	<b>21.4 %</b>

**2018**



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

<b>PROGRAM EXPENSES</b>	<b>83.1 %</b>
<b>SUPPORTING SERVICES</b>	<b>16.9 %</b>

See independent auditors' report.