

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

SEPTEMBER 30, 2020 AND 2019



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

We have audited the accompanying financial statements of Audio Scripture Ministries, which are comprised of the statement of financial position as of September 30, 2020 and 2019, and the related statements of activities, 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, 2020 and 2019, and the statements of activities, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on 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.

Respectfully submitted,

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

A handwritten signature in black ink that reads "Dolinka, Van Noord & Co., PLLP". The signature is written in a cursive, flowing style.

Certified Public Accountants
Grand Rapids, Michigan

January 6, 2021

**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019**

	ASSETS	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 573,683	\$ 487,167
Certificates of Deposit	-	100,088
Accounts Receivable	-	201
Inventory	<u>27,960</u>	<u>20,255</u>
TOTAL CURRENT ASSETS	<u>\$ 601,643</u>	<u>\$ 607,711</u>
 PROPERTY AND EQUIPMENT		
Land	\$ 131,000	\$ 131,000
Building	389,330	389,330
Office Equipment	<u>21,937</u>	<u>16,949</u>
Totals	\$ 542,267	\$ 537,279
Less: Accumulated Depreciation	<u>(232,247)</u>	<u>(218,588)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 310,020</u>	<u>\$ 318,691</u>
 TOTAL ASSETS	<u><u>\$ 911,663</u></u>	<u><u>\$ 926,402</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, 2020 AND 2019**

	LIABILITIES AND NET ASSETS	
	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 3,841	\$ 18,052
Accrued Expenses:		
Interest	690	690
Vacation Pay	4,029	4,719
Annuity Obligations	<u>1,304</u>	<u>1,650</u>
TOTAL CURRENT LIABILITIES	<u>\$ 9,864</u>	<u>\$ 25,111</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	\$ 563,198	\$ 521,844
Board Designated	<u>60,347</u>	<u>60,597</u>
Total Net Assets Without Donor Restrictions	\$ 623,545	\$ 582,441
With Donor Restrictions	<u>278,254</u>	<u>318,850</u>
TOTAL NET ASSETS	<u>\$ 901,799</u>	<u>\$ 901,291</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 911,663</u></u>	<u><u>\$ 926,402</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, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions:			
Individuals and Organizations	\$ 378,503	\$ 366,516	\$ 745,019
In-Kind Income	12,364	-	12,364
Handling Fee Income	29,246	-	29,246
Paycheck Protection Program			
Loan Proceeds Forgiven	97,800	-	97,800
Interest Income	6,973	-	6,973
Rent	9,000	-	9,000
Net Assets Released from Donor Restriction	<u>407,112</u>	<u>(407,112)</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUES	 <u>\$ 940,998</u>	 <u>\$ (40,596)</u>	 <u>\$ 900,402</u>
 EXPENSES			
Program Expenses	\$ 681,165	\$ -	\$ 681,165
Supporting Services:			
General and Administrative	137,539	-	137,539
Fundraising	<u>81,190</u>	<u>-</u>	<u>81,190</u>
 TOTAL EXPENSES	 <u>\$ 899,894</u>	 <u>\$ -</u>	 <u>\$ 899,894</u>
 CHANGE IN NET ASSETS	 \$ 41,104	 \$ (40,596)	 \$ 508
 NET ASSETS - BEGINNING OF THE YEAR	 <u>582,441</u>	 <u>318,850</u>	 <u>901,291</u>
 NET ASSETS - END OF THE YEAR	 <u><u>\$ 623,545</u></u>	 <u><u>\$ 278,254</u></u>	 <u><u>\$ 901,799</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**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions:			
Individuals and Organizations	\$ 238,555	\$ 662,734	\$ 901,289
In-Kind Income	100,727	-	100,727
Handling Fee Income	40,198	-	40,198
Interest Income	15,204	-	15,204
Rent	11,855	-	11,855
Loss on Disposal of Assets	(1,458)	-	(1,458)
Net Assets Released from Donor Restriction	<u>702,061</u>	<u>(702,061)</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUES	 <u>\$ 1,107,142</u>	 <u>\$ (39,327)</u>	 <u>\$ 1,067,815</u>
 EXPENSES			
Program Expenses	\$ 975,305	\$ -	\$ 975,305
Supporting Services:			
General and Administrative	142,644	-	142,644
Fundraising	<u>112,378</u>	<u>-</u>	<u>112,378</u>
 TOTAL EXPENSES	 <u>\$ 1,230,327</u>	 <u>\$ -</u>	 <u>\$ 1,230,327</u>
 CHANGE IN NET ASSETS	 \$ (123,185)	 \$ (39,327)	 \$ (162,512)
 NET ASSETS - BEGINNING OF THE YEAR	 <u>705,626</u>	 <u>358,177</u>	 <u>1,063,803</u>
 NET ASSETS - END OF THE YEAR	 <u><u>\$ 582,441</u></u>	 <u><u>\$ 318,850</u></u>	 <u><u>\$ 901,291</u></u>

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

AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2019)

	Program Expenses						Supporting Services		2020	2019
	Resource Distribution	Language and Recordings	Integral Missions	Partnership and Collaborations	Resources and Technology	Total Programs	General and Administrative	Fundraising	TOTAL	TOTAL
Salaries and Wages	\$ 75,132	\$ 34,533	\$ 13,309	\$ 82,387	\$ 28,139	\$ 233,500	\$ 60,768	\$ 45,188	\$ 339,456	\$ 353,607
FICA Payroll Taxes	5,748	2,642	1,018	6,303	2,153	17,864	4,701	3,457	26,022	26,898
Group Health Insurance	14,026	6,447	2,485	15,380	5,253	43,591	11,471	8,436	63,498	73,780
Workers Compensation Insurance	509	234	90	559	191	1,583	417	306	2,306	6,480
Medical Reimbursements	1,465	673	259	1,606	549	4,552	1,198	881	6,631	6,586
Annuity Interest Payments	-	-	-	-	-	-	2,760	-	2,760	2,760
Office Equipment and Supplies	4,626	1,308	504	3,121	1,066	10,625	2,329	1,712	14,666	10,663
Bank Service Charge	-	-	-	-	-	-	4,390	-	4,390	5,961
Advertising	-	-	-	-	-	-	19,663	1,339	21,002	20,447
Postage and Mailing	1,401	-	-	2,110	-	3,511	703	4,220	8,434	4,894
Dues and Subscriptions	-	-	-	-	-	-	3,688	4,884	8,572	4,750
Travel	361	-	91	273	91	816	139	273	1,228	11,811
Software	1,839	845	326	2,017	689	5,716	1,504	1,106	8,326	8,713
Utilities	1,883	866	334	2,065	705	5,853	1,541	1,133	8,527	9,997
Internet and Phone	1,101	506	195	1,207	412	3,421	902	662	4,985	5,859
Depreciation	3,017	1,387	534	3,308	1,130	9,376	2,468	1,815	13,659	12,979
Equipment Rent	1,235	567	219	1,354	462	3,837	1,010	742	5,589	6,419
Repairs and Maintenance	1,447	665	256	1,587	542	4,497	1,185	871	6,553	13,502
Building Insurance	1,017	468	180	1,115	381	3,161	832	612	4,605	5,259
Contributions	-	-	-	9,000	-	9,000	-	-	9,000	8,500
Legal and Professional Fees	-	-	-	-	-	-	13,300	-	13,300	10,561
State Filing Fees	-	-	-	-	-	-	-	3,252	3,252	2,622
Training and Conference	100	2,690	100	301	100	3,291	2,570	301	6,162	10,796
Digital Players Ministries	74,653	-	-	-	-	74,653	-	-	74,653	145,048
Missionary Support	124,142	49,938	58,125	10,113	-	242,318	-	-	242,318	461,435
TOTALS	\$ 313,702	\$ 103,769	\$ 78,025	\$ 143,806	\$ 41,863	\$ 681,165	\$ 137,539	\$ 81,190	\$ 899,894	\$ 1,230,327
PERCENTAGE OF TOTAL EXPENSES	34.8%	11.5%	8.7%	16.0%	4.7%	75.7%	15.3%	9.0%	100.0%	100.0%

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

	Program Expenses						Supporting Services		
	Resource Distribution	Language and Recordings	Integral Missions	Partnership and Collaborations	Resources and Technology	Total Programs	General and Administrative	Fundraising	TOTAL EXPENSES
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
Annuity Interest Payments	-	-	-	-	-	-	2,760	-	2,760
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	-	-	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
TOTALS	\$ 426,241	\$ 148,747	\$ 147,393	\$ 143,383	\$ 109,541	\$ 975,305	\$ 142,644	\$ 112,378	\$ 1,230,327
PERCENTAGE OF TOTAL EXPENSES	34.6%	12.1%	12.0%	11.7%	8.9%	79.3%	11.6%	9.1%	100.0%

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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From:		
Contributions and Handling Fee Income	\$ 774,466	\$ 840,760
Cash Received from PPP Loan Proceeds	97,800	-
Interest Income	6,973	15,204
Other Activities	-	3,154
Cash Paid For:		
Operations	(884,717)	(984,577)
Interest	<u>(2,760)</u>	<u>(2,760)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (8,238)</u>	<u>\$ (128,219)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Purchase of Property and Equipment	\$ (4,988)	\$ (61,579)
Net Cash from Sale of Certificates of Deposit	<u>100,088</u>	<u>399,162</u>
NET CASH FROM INVESTING ACTIVITIES	<u>\$ 95,100</u>	<u>\$ 337,583</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Payment of Annuity Obligations	<u>\$ (346)</u>	<u>\$ (346)</u>
NET INCREASE IN CASH	<u>\$ 86,516</u>	<u>\$ 209,018</u>
CASH - BEGINNING OF YEAR	<u>487,167</u>	<u>278,149</u>
CASH - END OF YEAR	<u><u>\$ 573,683</u></u>	<u><u>\$ 487,167</u></u>

NON-CASH TRANSACTIONS

The Organization received \$12,364 and \$100,727 of donated goods for the years ended September 30, 2020 and 2019, respectively.

The Organization rents warehouse space as a part of an in-kind lease. The non-cash rental income, with offsetting contribution expense, was \$9,000 and \$8,500 for the years ended September 30, 2020 and 2019, respectively.

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, 2020 AND 2019

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

	<u>2020</u>	<u>2019</u>
CHANGE IN NET ASSETS	\$ 508	\$ (162,512)
 ADJUSTMENTS		
Depreciation	13,659	12,979
Loss on Disposal of Assets	-	1,458
 CHANGES IN ASSETS AND LIABILITIES		
(Increase) Decrease in:		
Accounts Receivable	201	(201)
Inventory	(7,705)	-
 Increase (Decrease) in:		
Accounts Payable	(14,211)	18,052
Accrued Expenses	<u>(690)</u>	<u>2,005</u>
 NET CASH FROM OPERATING ACTIVITIES	 <u><u>\$ (8,238)</u></u>	 <u><u>\$ (128,219)</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, 2020 AND 2019**

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- for each of the years ended September 30, 2020 and 2019.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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, 2020 and 2019.

Property and Equipment

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 \$13,659 and \$12,979 for the years ended September 30, 2020 and 2019, 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, 2020 AND 2019**

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 at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
National Partners Emergency	\$ 19,750	\$ 20,000
Building Repair	63	63
Annuity Payments	<u>40,534</u>	<u>40,534</u>
Total Board Designated Net Assets	<u>\$ 60,347</u>	<u>\$ 60,597</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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Missionary Support	\$ 90,342	\$ 65,929
Integral Ministry	64,628	59,333
Language/Recordings	61,565	98,793
Audio Bibles/Distributions	<u>61,719</u>	<u>94,795</u>
Total Net Assets with Donor Restrictions	<u>\$ 278,254</u>	<u>\$ 318,850</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, 2020 AND 2019**

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 1,200 and 2,500 volunteer hours for the years ended September 30, 2020 and 2019, respectively. 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, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Agricultural Equipment, Humanitarian Goods and Medical Supplies	\$ 12,364	\$ 20,067
Media Players	<u>-</u>	<u>80,660</u>
Total Non-Cash Donations Recorded	<u>\$ 12,364</u>	<u>\$ 100,727</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, 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, 2017 and thereafter are subject to U.S. income tax examinations.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 2 - AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 573,683	\$ 487,167
Certificates of Deposit	-	100,088
Accounts Receivable	-	201
	<u> </u>	<u> </u>
Total Financial Assets	<u>\$ 573,683</u>	<u>\$ 587,456</u>
Less Amounts Not Available to be Used within One Year		
Net Assets with Donor Restrictions	\$ 278,254	\$ 318,850
Board Designated Net Assets	60,347	60,597
	<u> </u>	<u> </u>
Total Amounts Not Available within One Year	<u>\$ 338,601</u>	<u>\$ 379,447</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u><u>\$ 235,082</u></u>	<u><u>\$ 208,009</u></u>

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 short term certificates of deposits or money market accounts.

NOTE 3 - 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 statement of financial position at the present value of the annuity payments based on life expectancy tables issued by the Internal Revenue Service.

NOTE 4 – PAYCHECK PROTECTION PROGRAM SBA LOAN PROCEEDS FORGIVEN

On April 24, 2020, the Organization received loan proceeds in the amount of \$97,800 from Macatawa Bank under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying organizations for amounts up to two and a half times of the average monthly payroll expenses of the qualifying organization. The loan was in the form of a note dated April 24, 2020, matures on April 24, 2022, and bears interest at the rate of 1.00% per annum. Funds from the loan may only be used for payroll costs, benefits, rent, mortgage payments, and utilities. The Organization used the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization submitted the forms required to have the loan forgiven which was granted on October 21, 2020 for \$97,800. This amount has been included in Revenue and Support on the Statement of Activities for the year ended September 30, 2020.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 5 - OPERATING LEASES

Income

The Organization leases office space at its Holland location. One lease ran through October 31, 2019. This lease required monthly payments of \$250 plus 4% of monthly utilities for the years ended September 30, 2020 and 2019. The Organization is also part of a month to month in-kind lease agreement with another organization. The lease is valued at \$9,000 and \$8,500 for the years ended September 30, 2020 and 2019, respectively, and is reflected in rent revenue. Total rent income under these operating leases amounted to \$9,000 and \$11,855 for the years ended September 30, 2020 and 2019, 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 each of the years ended September 30, 2020 and 2019 was \$1,383.

The Organization had a 60 month operating lease for a copier requiring monthly payments of \$240, plus additional fees based on printing volume. The lease expired March, 2020, and was not renewed. Total lease expense was \$2,548 and \$2,880 for the years ended September 30, 2020 and 2019, 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, 2021	\$ 1,383
September 30, 2022	<u>346</u>
TOTAL	<u><u>\$ 1,729</u></u>

NOTE 6 – COVID-19

Management is currently evaluating the impact of the COVID-19 pandemic on the Organization and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent transactions and events occurring after the statement of financial position date and through January 6, 2021, the date these financial statements were available to be issued, and has determined that there are no additional items that are required to be disclosed.

NOTE 8 - RECLASSIFICATIONS

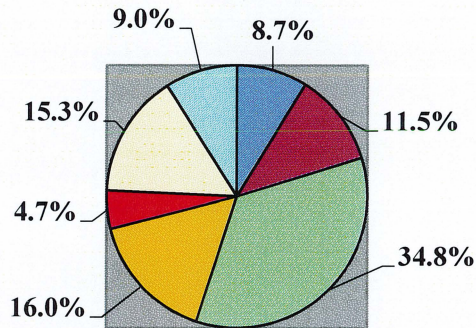
Certain reclassifications have been made to the September 30, 2019 financial statements to conform with the September 30, 2020 financial statement presentation. Such reclassifications have no effect on the change in net assets previously reported.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

**AUDIO SCRIPTURE MINISTRIES
EXPENSES BY FUNCTION
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

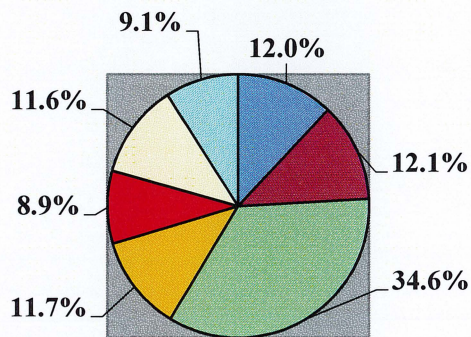
2020



- Integral Missions 8.7%
- Language and Recordings 11.5%
- Resource Distribution 34.8%
- Partnership and Collaborations 16.0%
- Resources and Technology 4.7%
- General Administrative Expenses 15.3%
- Fundraising 9.0%

PROGRAM EXPENSES	75.7 %
SUPPORTING SERVICES	24.3 %

2019



- Integral Missions 12.0%
- Language and Recordings 12.1%
- Resource Distribution 34.6%
- Partnership and Collaborations 11.7%
- Resources and Technology 8.9%
- General Administrative Expenses 11.6%
- Fundraising 9.1%

PROGRAM EXPENSES	79.3 %
SUPPORTING SERVICES	20.7 %

See independent auditors' report.