

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

SEPTEMBER 30, 2021 AND 2020



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

We have audited the accompanying financial statements of Audio Scripture Ministries, which are comprised of the statement of financial position as of September 30, 2021 and 2020, 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 fraud or error.

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 audits 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, 2021 and 2020, 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.



Certified Public Accountants
Grand Rapids, Michigan

January 11, 2022

**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020**

	ASSETS	
	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 415,495	\$ 573,683
Investments	400,654	-
Bequest Receivable	21,000	-
Inventory	20,158	27,960
TOTAL CURRENT ASSETS	\$ 857,307	\$ 601,643
 PROPERTY AND EQUIPMENT		
Land	\$ 131,000	\$ 131,000
Building	389,330	389,330
Office Equipment	21,937	21,937
Totals	\$ 542,267	\$ 542,267
Less: Accumulated Depreciation	(246,566)	(232,247)
NET PROPERTY AND EQUIPMENT	\$ 295,701	\$ 310,020
 TOTAL ASSETS	 \$ 1,153,008	 \$ 911,663

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

**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020**

LIABILITIES AND NET ASSETS	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Accounts Payable	\$ -	\$ 3,841
Accrued Expenses:		
Interest	690	690
Vacation Pay	3,118	4,029
Annuity Obligations	<u>958</u>	<u>1,304</u>
TOTAL CURRENT LIABILITIES	<u>\$ 4,766</u>	<u>\$ 9,864</u>
 NET ASSETS		
Without Donor Restrictions:		
Undesignated	\$ 674,894	\$ 563,198
Board Designated	<u>114,964</u>	<u>60,347</u>
Total Net Assets Without Donor Restrictions	\$ 789,858	\$ 623,545
With Donor Restrictions	<u>358,384</u>	<u>278,254</u>
TOTAL NET ASSETS	<u>\$ 1,148,242</u>	<u>\$ 901,799</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,153,008</u></u>	<u><u>\$ 911,663</u></u>

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

**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Contributions:						
Individuals and Organizations	\$ 494,617	\$ 678,067	\$ 1,172,684	\$ 378,503	\$ 366,516	\$ 745,019
In-Kind Income	39,728	-	39,728	12,364	-	12,364
Handling Fee Income	53,409	-	53,409	29,246	-	29,246
Paycheck Protection Program						
Loan Proceeds Forgiven	87,300	-	87,300	97,800	-	97,800
Net Return on Investment	1,467	-	1,467	6,973	-	6,973
Rent	9,525	-	9,525	9,000	-	9,000
Net Assets Released from Donor Restriction	597,937	(597,937)	-	407,112	(407,112)	-
TOTAL SUPPORTAND REVENUES	<u>\$ 1,283,983</u>	<u>\$ 80,130</u>	<u>\$ 1,364,113</u>	<u>\$ 940,998</u>	<u>\$ (40,596)</u>	<u>\$ 900,402</u>
EXPENSES						
Program Expenses	\$ 884,050	\$ -	\$ 884,050	\$ 681,453	\$ -	\$ 681,453
Supporting Services:						
General and Administrative	131,680	-	131,680	137,251	-	137,251
Fundraising	101,940	-	101,940	81,190	-	81,190
TOTAL EXPENSES	<u>\$ 1,117,670</u>	<u>\$ -</u>	<u>\$ 1,117,670</u>	<u>\$ 899,894</u>	<u>\$ -</u>	<u>\$ 899,894</u>
CHANGE IN NET ASSETS	\$ 166,313	\$ 80,130	\$ 246,443	\$ 41,104	\$ (40,596)	\$ 508
NET ASSETS - BEGINNING OF THE YEAR	<u>623,545</u>	<u>278,254</u>	<u>901,799</u>	<u>582,441</u>	<u>318,850</u>	<u>901,291</u>
NET ASSETS - END OF THE YEAR	<u><u>\$ 789,858</u></u>	<u><u>\$ 358,384</u></u>	<u><u>\$ 1,148,242</u></u>	<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.
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AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020)

	Program Expenses						Supporting Services		2021 TOTAL	2020 TOTAL	
	Resource Distribution	Language and Recordings	Integral Missions	Partnership and Collaborations	Resources and Technology	Bible Engagement	Total Programs	General and Administrative			Fundraising
Salaries and Wages	\$ 77,351	\$ 27,313	\$ 17,260	\$ 88,571	\$ 24,693	\$ 25,308	\$ 260,496	\$ 60,879	\$ 61,884	\$ 383,259	\$ 339,456
FICA Payroll Taxes	5,931	2,094	1,324	6,792	1,893	1,941	19,975	4,669	4,745	29,389	26,022
Group Health Insurance	17,893	6,318	3,993	20,489	5,712	5,854	60,259	14,083	14,315	88,657	63,498
Workers Compensation Insurance	442	156	99	506	141	144	1,488	347	353	2,188	2,306
Medical Reimbursements	976	345	218	1,118	312	319	3,288	767	781	4,836	6,631
Annuity Interest Payments	-	-	-	-	-	-	-	2,760	-	2,760	2,760
Office Equipment and Supplies	3,648	490	4,176	1,590	443	454	10,801	1,093	1,111	13,005	14,666
Bank Service Charge	-	-	-	-	-	-	-	7,179	-	7,179	4,390
Promotion	-	-	-	-	-	-	-	12,801	2,197	14,998	21,002
Postage and Mailing	2,180	-	-	1,152	-	-	3,332	384	2,303	6,019	8,434
Dues and Subscriptions	-	-	-	-	-	-	-	3,598	2,403	6,001	8,572
Travel	986	-	276	828	276	-	2,366	275	828	3,469	1,228
Software	1,427	504	318	1,634	456	467	4,806	1,122	1,142	7,070	8,326
Utilities	1,551	548	346	1,776	495	508	5,224	1,222	1,241	7,687	8,527
Internet and Phone	1,169	413	261	1,339	373	383	3,938	920	936	5,794	4,985
Depreciation	2,890	1,020	645	3,309	923	946	9,733	2,274	2,312	14,319	13,659
Equipment Rent	624	220	139	715	199	204	2,101	492	499	3,092	5,589
Repairs and Maintenance	1,199	423	268	1,373	383	392	4,038	943	959	5,940	6,553
Building Insurance	1,315	464	293	1,506	420	430	4,428	1,035	1,052	6,515	4,605
Contributions	-	-	-	9,525	-	-	9,525	-	-	9,525	9,000
Legal and Professional Fees	-	-	-	-	-	-	-	12,985	-	12,985	13,300
State Filing Fees	-	-	-	-	-	-	-	-	2,778	2,778	3,252
Training and Conferences	443	915	34	101	34	-	1,527	1,852	101	3,480	6,162
Digital Players Ministries	109,751	4,035	-	-	-	-	113,786	-	-	113,786	74,653
Missionary Support	98,658	81,721	169,783	12,777	-	-	362,939	-	-	362,939	242,318
TOTALS	\$ 328,434	\$ 126,979	\$ 199,433	\$ 155,101	\$ 36,753	\$ 37,350	\$ 884,050	\$ 131,680	\$ 101,940	\$ 1,117,670	\$ 899,894
PERCENTAGE OF TOTAL EXPENSES	29.4%	11.4%	17.8%	13.9%	3.3%	3.3%	79.1%	11.8%	9.1%	100.0%	100.0%

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**

	Program Expenses					Supporting Services		TOTAL EXPENSES	
	Resource Distribution	Language and Recordings	Integral Missions	Partnership and Collaborations	Resources and Technology	Total Programs	General and Administrative		Fundraising
Salaries and Wages	\$ 75,132	\$ 34,533	\$ 13,309	\$ 82,387	\$ 28,139	\$ 233,500	\$ 60,768	\$ 45,188	\$ 339,456
FICA Payroll Taxes	5,748	2,642	1,018	6,303	2,153	17,864	4,701	3,457	26,022
Group Health Insurance	14,026	6,447	2,485	15,380	5,253	43,591	11,471	8,436	63,498
Workers Compensation Insurance	509	234	90	559	191	1,583	417	306	2,306
Medical Reimbursements	1,465	673	259	1,606	549	4,552	1,198	881	6,631
Annuity Interest Payments	-	-	-	-	-	-	2,760	-	2,760
Office Equipment and Supplies	3,891	1,308	1,239	3,121	1,066	10,625	2,329	1,712	14,666
Bank Service Charge	-	-	-	-	-	-	4,390	-	4,390
Promotion	-	-	-	-	-	-	19,663	1,339	21,002
Postage and Mailing	1,401	-	-	2,110	-	3,511	703	4,220	8,434
Dues and Subscriptions	-	-	-	-	-	-	3,688	4,884	8,572
Travel	361	-	91	273	91	816	139	273	1,228
Software	1,839	845	326	2,017	689	5,716	1,504	1,106	8,326
Utilities	1,883	866	334	2,065	705	5,853	1,541	1,133	8,527
Internet and Phone	1,101	506	195	1,207	412	3,421	902	662	4,985
Depreciation	3,017	1,387	534	3,308	1,130	9,376	2,468	1,815	13,659
Equipment Rent	1,235	567	219	1,354	462	3,837	1,010	742	5,589
Repairs and Maintenance	1,447	665	256	1,587	542	4,497	1,185	871	6,553
Building Insurance	1,017	468	180	1,115	381	3,161	832	612	4,605
Contributions	-	-	-	9,000	-	9,000	-	-	9,000
Legal and Professional Fees	-	-	-	-	-	-	13,300	-	13,300
State Filing Fees	-	-	-	-	-	-	-	3,252	3,252
Training and Conferences	388	2,690	100	301	100	3,579	2,282	301	6,162
Digital Players Ministries	54,653	20,000	-	-	-	74,653	-	-	74,653
Missionary Support	101,793	72,287	58,125	10,113	-	242,318	-	-	242,318
TOTALS	\$ 270,906	\$ 146,118	\$ 78,760	\$ 143,806	\$ 41,863	\$ 681,453	\$ 137,251	\$ 81,190	\$ 899,894
PERCENTAGE OF TOTAL EXPENSES	30.0%	16.2%	8.8%	16.0%	4.7%	75.7%	15.3%	9.0%	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, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From:		
Contributions and Handling Fee Income	\$ 1,205,093	\$ 774,466
Interest Income	164	6,973
Cash Paid For:		
Operations	(1,048,288)	(884,717)
Interest	(2,760)	(2,760)
	\$ 154,209	\$ (106,038)
NET CASH FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Purchase of Property and Equipment	\$ -	\$ (4,988)
Net Cash from Sale of Certificates of Deposit	-	100,088
Net Cash Paid for Investments	(399,351)	-
	\$ (399,351)	\$ 95,100
NET CASH FROM INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Payment of Annuity Obligations	\$ (346)	\$ (346)
Cash Received from PPP Loan Proceeds	87,300	97,800
	\$ 86,954	\$ 97,454
NET CASH FROM FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	\$ (158,188)	\$ 86,516
CASH - BEGINNING OF YEAR	573,683	487,167
CASH - END OF YEAR	\$ 415,495	\$ 573,683

NON-CASH TRANSACTIONS

The Organization received \$39,728 and \$12,364 of donated goods for the years ended September 30, 2021 and 2020, respectively.

The Organization rents warehouse space as a part of an in-kind lease. The non-cash rental income, with offsetting contribution expense, was \$9,525 and \$9,000 for the years ended September 30, 2021 and 2020, 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, 2021 AND 2020**

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

	2021	2020
CHANGE IN NET ASSETS	\$ 246,443	\$ 508
 ADJUSTMENTS		
Depreciation	14,319	13,659
Paycheck Protection Loan Forgiveness	(87,300)	(97,800)
Unrealized (Gain) Loss on Investments	(1,303)	-
 CHANGES IN ASSETS AND LIABILITIES		
(Increase) Decrease in:		
Accounts and Bequest Receivable	(21,000)	201
Inventory	7,802	(7,705)
 Increase (Decrease) in:		
Accounts Payable	(3,841)	(14,211)
Accrued Expenses	(911)	(690)
 NET CASH FROM OPERATING ACTIVITIES	\$ 154,209	\$ (106,038)

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

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

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 by recording and distributing Bible and Bible Engagement Resources in audio.

ASM's commitment to the Great Commission leads us to serve others by:

- **Partnering** with national leaders, churches, ministries, and individuals to create and distribute Scripture media to share the Good News of Jesus.
- **Recording** Bible and Bible Engagement Resources in languages needed by people groups around the world.
- **Distributing** either directly or through others, Scripture media to all who need to hear.
- **Engaging** people to Be in the Word, Be with Jesus and Be Transformed.
- **Serving** as the hands and feet of Jesus through integral mission efforts addressing food security and medical care.

Cash and Cash Equivalents

For purposes of the statement 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.

Investments

Investments are valued at their fair market values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investments in general are exposed to various risk, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts and Bequests Receivable

Accounts and bequests 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, 2021 and 2020.

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, 2021 and 2020.

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 \$14,319 and \$13,659 for the years ended September 30, 2021 and 2020, 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, 2021 AND 2020**

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
National Partners Emergency	\$ 20,285	\$ 19,750
Building Repair	63	63
Annuity Payments	40,534	40,534
Audio Bibles - Where Most Needed	<u>54,082</u>	<u>-</u>
Total Board Designated Net Assets	<u>\$ 114,964</u>	<u>\$ 60,347</u>

Net Assets with Donor Restrictions – By Time or Purpose

The Organization has received contributions which have been restricted by time or for a specific purpose by the donor. Net assets with donor restrictions consist of the following at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Purpose Restrictions:		
Missionary Support	\$ 97,190	\$ 90,342
Integral Missions	42,943	64,628
Language/Recordings	77,083	61,565
Audio Bibles/Distributions	<u>120,168</u>	<u>61,719</u>
Total Net Assets with Purpose Restrictions	<u>\$ 337,384</u>	<u>\$ 278,254</u>
Time Restrictions:		
Bequest Receivable	<u>\$ 21,000</u>	<u>\$ -</u>
Total Net Assets with Donor Restrictions	<u>\$ 358,384</u>	<u>\$ 278,254</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 notification of actual bequest distribution amount.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Promotion Costs

The organization expenses promotion costs as incurred. Promotion costs were \$14,998 and \$21,002, for the years ended September 30, 2021 and 2020, respectively.

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 450 and 1,200 volunteer hours for the years ended September 30, 2021 and 2020, 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, 2021 and 2020.

	2021	2020
Agricultural Equipment, Humanitarian Goods and Medical Supplies	\$ 39,728	\$ 12,364
Total Non-Cash Donations Recorded	\$ 39,728	\$ 12,364

Investment Advisory Fees

Investment advisory fees are netted against investment income in the statement of activities. Investment advisory fees were \$860 and \$-0- for the years ended September 30, 2021 and 2020, respectively.

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.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2018 and thereafter are subject to U.S. income tax examinations.

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:

	2021	2020
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 415,495	\$ 573,683
Investments	400,654	-
Bequests Receivable	21,000	-
Total Financial Assets	\$ 837,149	\$ 573,683
Less Amounts Not Available to be Used within One Year		
Net Assets with Donor Restrictions	\$ 358,384	\$ 278,254
Board Designated Net Assets	114,964	60,347
Total Amounts Not Available within One Year	\$ 473,348	\$ 338,601
Financial Assets Available to Meet General Expenditures Over the Next Year	\$ 363,801	\$ 235,082

The Organization's written cash management plan is to keep enough cash on hand to cover obligations for three months. Excess cash that is above what is needed at the time is invested.

NOTE 3 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of inputs of the fair value hierarchy are: Level 1 – quoted prices in active markets for identical assets; Level 2 – significant other observable inputs; and Level 3 – significant unobservable inputs. The Organization had no assets which were required to be measured using Level 2 or Level 3 inputs.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 3 - FAIR VALUE MEASUREMENTS - Continued

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of September 30, 2021 and 2020:

	Level 1	
	2021	2020
Cash and Money Market	\$ 71	\$ -
Exchange Traded Funds	168,500	-
Mutual Funds:		
Equity	119,317	-
Fixed Income	112,766	-
Total Assets at Fair Value	\$ 400,654	\$ -

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

NOTE 5 - PAYCHECK PROTECTION PROGRAM SBA LOAN PROCEEDS FORGIVEN

On February 9, 2021, the Organization received loan proceeds in the amount of \$87,300 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 February 9, 2021, matures on February 9, 2026, 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 June 9, 2021 for \$87,300. This amount has been included in Revenue and Support on the Statement of Activities for the year ended September 30, 2021.

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 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. The Organization used the entire loan amount for qualifying expenses and was granted forgiveness of the loan 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, 2021 AND 2020**

NOTE 6 - OPERATING LEASES

Income

The Organization leases office space at its Holland location as part of a month to month in-kind lease agreement with another organization. The lease is valued at \$9,525 and \$9,000 for the years ended September 30, 2021 and 2020, respectively, and is reflected in rent revenue.

Expense

The Organization has a 60 month operating lease with Pitney Bowes for a postage machine requiring quarterly payments of \$208. The original lease expired December, 2021, but was renewed for an additional 5 years in August, 2021 extending the lease terms through August, 2026. Total lease expense was \$1,404 and \$1,383 for the years ended September 30, 2021 and 2020, respectively.

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 \$-0- and \$2,548 for the years ended September 30, 2021 and 2020, respectively.

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

Year Ended	Amount
September 30, 2022	\$ 832
September 30, 2023	832
September 30, 2024	832
September 30, 2025	832
September 30, 2026	762
TOTAL	\$ 4,090

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent transactions and events occurring after the statement of financial position date and through January 11, 2022, 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

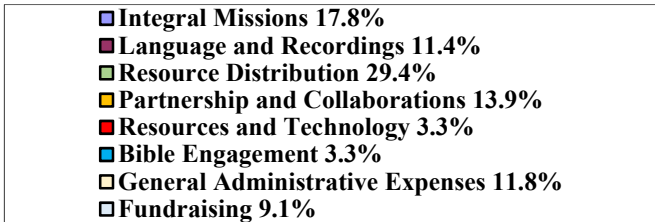
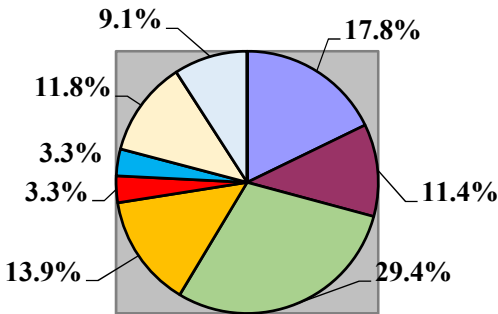
Certain reclassifications have been made to the September 30, 2020 financial statements to conform with the September 30, 2021 financial statement presentation. Such reclassifications have no effect on the change in net assets previously reported.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

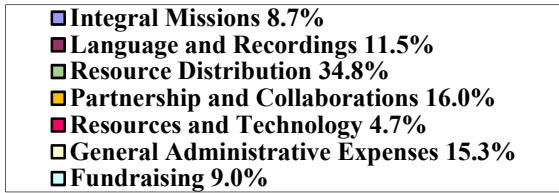
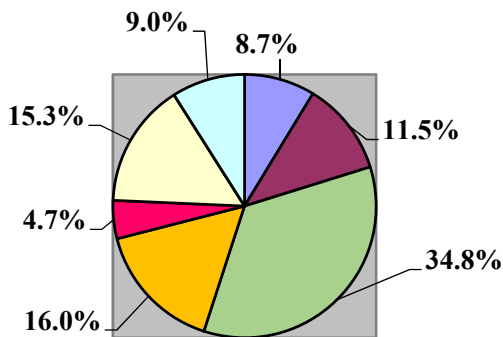
**AUDIO SCRIPTURE MINISTRIES
EXPENSES BY FUNCTION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

2021



PROGRAM EXPENSES	79.1%
SUPPORTING SERVICES	20.9%

2020



PROGRAM EXPENSES	75.7%
SUPPORTING SERVICES	24.3%

See independent auditors' report.