

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

SEPTEMBER 30, 2022 AND 2021



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

Officers and Board of Directors
Audio Scripture Ministries
Holland, Michigan

Opinion

We have audited the accompanying financial statements of Audio Scripture Ministries (a nonprofit organization), which are comprised of the statement of financial position as of September 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Audio Scripture Ministries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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. 2020-07 *Not-for-Profit Entities (Topic 958) – Presentation and disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* during the fiscal year ended September 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Audio Scripture Ministries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Audio Scripture Ministries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Audio Scripture Ministries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 19, 2023

**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021**

	ASSETS	
	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 489,296	\$ 415,495
Investments	1,456,693	400,654
Bequest Receivable	-	21,000
Inventory	20,158	20,158
TOTAL CURRENT ASSETS	\$ 1,966,147	\$ 857,307
 PROPERTY AND EQUIPMENT		
Land	\$ -	\$ 131,000
Building	-	389,330
Office Equipment	21,937	21,937
Totals	\$ 21,937	\$ 542,267
Less: Accumulated Depreciation	(17,780)	(246,566)
NET PROPERTY AND EQUIPMENT	\$ 4,157	\$ 295,701
 TOTAL ASSETS	 \$ 1,970,304	 \$ 1,153,008

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

**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021**

LIABILITIES AND NET ASSETS		
	2022	2021
CURRENT LIABILITIES		
Accounts Payable	\$ 538	\$ -
Accrued Expenses:		
Interest	733	690
Vacation Pay	4,709	3,118
Annuity Obligations	612	958
TOTAL CURRENT LIABILITIES	\$ 6,592	\$ 4,766
 NET ASSETS		
Without Donor Restrictions:		
Undesignated	\$ 1,310,999	\$ 674,894
Board Designated	376,011	114,964
Total Net Assets Without Donor Restrictions	\$ 1,687,010	\$ 789,858
With Donor Restrictions	276,702	358,384
TOTAL NET ASSETS	\$ 1,963,712	\$ 1,148,242
TOTAL LIABILITIES AND NET ASSETS	\$ 1,970,304	\$ 1,153,008

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, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Contributions:						
Individuals and Organizations	\$ 763,000	\$ 471,378	\$ 1,234,378	\$ 494,617	\$ 678,067	\$ 1,172,684
In-Kind Income	394	-	394	39,728	-	39,728
Handling Fee Income	35,952	-	35,952	53,409	-	53,409
Other Income	2,089	-	2,089	-	-	-
Paycheck Protection Program						
Loan Proceeds Forgiven	-	-	-	87,300	-	87,300
Net Investment Return (Deficit)	(147,380)	-	(147,380)	1,467	-	1,467
Rent	8,400	-	8,400	9,525	-	9,525
Gain on Sale of Property	844,622	-	844,622	-	-	-
Net Assets Released from Donor Restriction	553,060	(553,060)	-	597,937	(597,937)	-
TOTAL SUPPORT AND REVENUES	<u>\$ 2,060,137</u>	<u>\$ (81,682)</u>	<u>\$ 1,978,455</u>	<u>\$ 1,283,983</u>	<u>\$ 80,130</u>	<u>\$ 1,364,113</u>
EXPENSES						
Program Expenses	\$ 906,694	\$ -	\$ 906,694	\$ 884,050	\$ -	\$ 884,050
Supporting Services:						
General and Administrative	136,878	-	136,878	131,680	-	131,680
Fundraising	119,413	-	119,413	101,940	-	101,940
TOTAL EXPENSES	<u>\$ 1,162,985</u>	<u>\$ -</u>	<u>\$ 1,162,985</u>	<u>\$ 1,117,670</u>	<u>\$ -</u>	<u>\$ 1,117,670</u>
CHANGE IN NET ASSETS	\$ 897,152	\$ (81,682)	\$ 815,470	\$ 166,313	\$ 80,130	\$ 246,443
NET ASSETS - BEGINNING OF THE YEAR	<u>789,858</u>	<u>358,384</u>	<u>1,148,242</u>	<u>623,545</u>	<u>278,254</u>	<u>901,799</u>
NET ASSETS - END OF THE YEAR	<u>\$ 1,687,010</u>	<u>\$ 276,702</u>	<u>\$ 1,963,712</u>	<u>\$ 789,858</u>	<u>\$ 358,384</u>	<u>\$ 1,148,242</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, 2022
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2021)

	Program Expenses						Supporting Services		2022 TOTAL	2021 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	\$ 81,496	\$ 28,439	\$ 18,753	\$ 97,602	\$ 29,141	\$ 29,710	\$ 285,141	\$ 63,152	\$ 69,126	\$ 417,419	\$ 383,259
FICA Payroll Taxes	6,273	2,189	1,443	7,512	2,243	2,287	21,947	4,861	5,321	32,129	29,389
Group Health Insurance	17,345	6,053	3,991	20,773	6,202	6,323	60,687	13,442	14,712	88,841	88,657
Workers Compensation Insurance	89	31	21	107	32	33	313	69	76	458	2,188
Medical Reimbursements	547	191	126	655	196	200	1,915	424	464	2,803	4,836
Annuity Interest Payments	-	-	-	-	-	-	-	2,803	-	2,803	2,760
Office Equipment and Supplies	2,790	749	1,339	2,572	768	783	9,001	1,663	1,821	12,485	13,005
Bank Service Charge	-	-	-	-	-	-	-	8,118	-	8,118	7,179
Promotion	-	-	-	-	-	-	-	16,125	2,063	18,188	14,998
Postage and Mailing	2,538	-	-	1,000	-	-	3,538	333	2,000	5,871	6,019
Dues and Subscriptions	-	-	-	-	-	-	-	2,768	11,648	14,416	6,001
Travel	7,085	-	302	1,511	302	-	9,200	152	453	9,805	3,469
Software	1,369	478	315	1,640	490	499	4,791	1,060	1,161	7,012	7,070
Utilities	1,565	546	360	1,874	560	571	5,476	1,213	1,327	8,016	7,687
Internet and Phone	1,106	386	254	1,324	395	403	3,868	857	938	5,663	5,794
Depreciation	1,929	673	444	2,310	690	703	6,749	1,496	1,636	9,881	14,319
Equipment Rent	536	187	123	642	192	196	1,876	416	455	2,747	3,092
Repairs and Maintenance	876	306	202	1,049	313	319	3,065	679	743	4,487	5,940
Building Insurance	1,306	456	300	1,564	467	476	4,569	1,011	1,107	6,687	6,515
Contributions	-	-	-	8,400	-	-	8,400	-	-	8,400	9,525
Legal and Professional Fees	-	-	-	-	-	-	-	12,120	-	12,120	12,985
State Filing Fees	-	-	-	-	-	-	-	-	2,926	2,926	2,778
Training and Conferences	421	-	32	3,580	16	-	4,049	3,177	496	7,722	3,480
Digital Players Ministries	155,878	1,089	-	-	-	-	156,967	-	-	156,967	113,786
Missionary Support	139,789	82,403	67,279	9,941	-	9,500	308,912	-	-	308,912	362,939
Research and Development	-	-	-	-	591	-	591	-	-	591	-
Building Relocation	940	940	940	940	939	940	5,639	939	940	7,518	-
TOTALS	\$ 423,878	\$ 125,116	\$ 96,224	\$ 164,996	\$ 43,537	\$ 52,943	\$ 906,694	\$ 136,878	\$ 119,413	\$ 1,162,985	\$ 1,117,670
PERCENTAGE OF TOTAL EXPENSES	36.4%	10.8%	8.3%	14.2%	3.7%	4.6%	78.0%	11.7%	10.3%	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, 2021**

	Program Expenses							Supporting Services		TOTAL EXPENSES
	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
FICA Payroll Taxes	5,931	2,094	1,324	6,792	1,893	1,941	19,975	4,669	4,745	29,389
Group Health Insurance	17,893	6,318	3,993	20,489	5,712	5,854	60,259	14,083	14,315	88,657
Workers Compensation Insurance	442	156	99	506	141	144	1,488	347	353	2,188
Medical Reimbursements	976	345	218	1,118	312	319	3,288	767	781	4,836
Annuity Interest Payments	-	-	-	-	-	-	-	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
Bank Service Charge	-	-	-	-	-	-	-	7,179	-	7,179
Promotion	-	-	-	-	-	-	-	12,801	2,197	14,998
Postage and Mailing	2,180	-	-	1,152	-	-	3,332	384	2,303	6,019
Dues and Subscriptions	-	-	-	-	-	-	-	3,598	2,403	6,001
Travel	986	-	276	828	276	-	2,366	275	828	3,469
							-			
Software	1,427	504	318	1,634	456	467	4,806	1,122	1,142	7,070
Utilities	1,551	548	346	1,776	495	508	5,224	1,222	1,241	7,687
Internet and Phone	1,169	413	261	1,339	373	383	3,938	920	936	5,794
Depreciation	2,890	1,020	645	3,309	923	946	9,733	2,274	2,312	14,319
Equipment Rent	624	220	139	715	199	204	2,101	492	499	3,092
Repairs and Maintenance	1,199	423	268	1,373	383	392	4,038	943	959	5,940
Building Insurance	1,315	464	293	1,506	420	430	4,428	1,035	1,052	6,515
Contributions	-	-	-	9,525	-	-	9,525	-	-	9,525
Legal and Professional Fees	-	-	-	-	-	-	-	12,985	-	12,985
State Filing Fees	-	-	-	-	-	-	-	-	2,778	2,778
Training and Conferences	443	915	34	101	34	-	1,527	1,852	101	3,480
Digital Players Ministries	109,751	4,035	-	-	-	-	113,786	-	-	113,786
Missionary Support	98,658	81,721	169,783	12,777	-	-	362,939	-	-	362,939
TOTALS	\$ 328,434	\$ 126,979	\$ 199,433	\$ 155,101	\$ 36,753	\$ 37,350	\$ 884,050	\$ 131,680	\$ 101,940	\$ 1,117,670
PERCENTAGE OF TOTAL EXPENSES	29.4%	11.4%	17.8%	13.9%	3.3%	3.3%	79.1%	11.8%	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, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from:		
Contributions and Handling Fee Income	\$ 1,291,330	\$ 1,205,093
Interest Income	14,395	164
Cash Paid for:		
Operations	(1,143,915)	(1,048,288)
Interest	(2,803)	(2,760)
NET CASH FROM OPERATING ACTIVITIES	\$ 159,007	\$ 154,209
 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Received from Sale of Property	\$ 1,126,285	\$ -
Net Cash Paid for Investments	(1,211,145)	(399,351)
NET CASH FROM INVESTING ACTIVITIES	\$ (84,860)	\$ (399,351)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Payment of Annuity Obligations	\$ (346)	\$ (346)
Cash Received from PPP Loan Proceeds	-	87,300
NET CASH FROM FINANCING ACTIVITIES	\$ (346)	\$ 86,954
 NET INCREASE (DECREASE) IN CASH	\$ 73,801	\$ (158,188)
 CASH - BEGINNING OF YEAR	415,495	573,683
 CASH - END OF YEAR	\$ 489,296	\$ 415,495

NON-CASH TRANSACTIONS

The Organization received \$394 and \$39,728 of donated goods for the years ended September 30, 2022 and 2021, respectively.

The Organization rents warehouse space as a part of an in-kind lease. The non-cash rental income, with offsetting contribution expense, was \$8,400 and \$9,525 for the years ended September 30, 2022 and 2021, respectively.

The Organization received forgiveness of the SBA Paycheck Protection Program Loan totaling \$87,300 during the year ended September 30, 2021.

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, 2022 AND 2021**

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

	2022	2021
CHANGE IN NET ASSETS	\$ 815,470	\$ 246,443
 ADJUSTMENTS		
Depreciation	9,881	14,319
Paycheck Protection Loan Forgiveness	-	(87,300)
Unrealized (Gain) Loss on Investments	155,106	(1,303)
Gain on Sale of Property	(844,622)	-
 CHANGES IN ASSETS AND LIABILITIES		
(Increase) Decrease in:		
Bequest Receivable	21,000	(21,000)
Inventory	-	7,802
 Increase (Decrease) in:		
Accounts Payable	538	(3,841)
Accrued Expenses	1,634	(911)
 NET CASH FROM OPERATING ACTIVITIES	\$ 159,007	\$ 154,209

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

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

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 Global Support Team, which provides audio Bible distribution, communications, donor ministries, accounting and operational support for its global teams and partners, is located in West 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. Realized and unrealized gains and losses are netted with any investment expenses and included in the statement of activities under net investment return (deficit). Investment advisory fees were \$6,669 and \$860 for the years ended September 30, 2022 and 2021, respectively. 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, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Bequests Receivable

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, 2022 and 2021.

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, 2022 and 2021.

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 \$9,881 and \$14,319 for the years ended September 30, 2022 and 2021, respectively.

In May, 2022 the Organization sold their Holland building and are in the process of looking for a new building to purchase.

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, 2022 AND 2021**

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
National Partners Emergency	\$ 15,739	\$ 20,285
Annuity Payments	40,534	40,534
Audio Bibles - Where Most Needed	83,120	54,082
Partnerships and Projects	228,767	63
Special Projects	<u>7,851</u>	<u>-</u>
Total Board Designated Net Assets	<u>\$ 376,011</u>	<u>\$ 114,964</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purpose Restrictions:		
Missionary Support	\$ 70,820	\$ 97,190
Integral Missions	26,081	42,943
Language/Recordings	72,919	77,083
Audio Bibles/Distributions	<u>106,882</u>	<u>120,168</u>
Total Net Assets with Purpose Restrictions	<u>\$ 276,702</u>	<u>\$ 337,384</u>
Time Restrictions:		
Bequest Receivable	<u>\$ -</u>	<u>\$ 21,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 276,702</u>	<u>\$ 358,384</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.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Public Support and Revenue - Continued

Various individuals have named ASM as a beneficiary in their wills. ASM will recognize the donation upon notification of actual bequest distribution amount.

Promotion Costs

The organization expenses promotion costs as incurred. Promotion costs were \$18,188 and \$14,998 for the years ended September 30, 2022 and 2021, 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 600 and 450 volunteer hours for the years ended September 30, 2022 and 2021, 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 services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Donated goods are recorded on the basis of estimates of wholesale values that would be received for selling similar products at the date of donation. All donated goods were utilized by the Organization's programs services. There were no donor imposed restrictions associated with the donated goods.

Donated goods have been recognized in the accompanying financial statements at their estimated wholesale value for the years ended September 30, 2022 and 2021.

	Program Services	
	2022	2021
Agricultural Equipment, Humanitarian Goods and Medical Supplies	\$ 394	\$ 39,728
Total Non-Cash Donations Recorded	\$ 394	\$ 39,728

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.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2019 and thereafter are subject to U.S. income tax examinations.

NOTE 2 - ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

For the year ended September 30, 2022, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2020-07 *Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The changes required by the update have been applied retrospectively to all periods presented. The adoption of this standard did not affect the change in net assets as of September 30, 2021.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Organization's financial instruments consist primarily of cash and cash equivalents and marketable securities. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 3 - FAIR VALUE MEASUREMENTS - Continued

The fair value of the Organization’s cash equivalents and marketable securities was determined based on “Level 1” inputs. The Organization does not have any financial instruments in the “Level 2” or the “Level 3” categories as of September 30, 2022 and 2021.

The investments are recorded at fair value with any unrealized gains or losses being included in the statement of activities netted with realized gains or losses and investment expenses. The investments are composed of the following items at September 30, 2022 and 2021:

	Level 1	
	2022	2021
Certificates of Deposits	\$ 846,506	\$ -
Exchange Traded Funds	266,964	168,571
Mutual Funds:		
Equity	165,491	119,317
Fixed Income	177,732	112,766
Total Assets at Fair Value	\$ 1,456,693	\$ 400,654

NOTE 4 - 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, including board designations, within one year of the statement of financial position date:

	2022	2021
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 489,296	\$ 415,495
Investments	1,456,693	400,654
Bequests Receivable	-	21,000
Total Financial Assets	\$ 1,945,989	\$ 837,149
Less Amounts Not Available to be Used within One Year		
Net Assets with Donor Restrictions	\$ 276,702	\$ 358,384
Board Designated Net Assets	376,011	114,964
Total Amounts Not Available within One Year	\$ 652,713	\$ 473,348
Financial Assets Available to Meet General Expenditures Over the Next Year	\$ 1,293,276	\$ 363,801

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. The Organization has earmarked approximately \$700,000 for the future purchase of a new building.
See independent auditors’ report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 5 - 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 6 - 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. During the year ended September 30, 2021, the \$87,300 PPP loan was fully forgiven and recorded as revenue.

NOTE 7 - 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 \$8,400 and \$9,525 for the years ended September 30, 2022 and 2021, respectively, and is reflected in rent revenue. This lease ended at the end of April, 2022.

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 \$1,346 and \$1,404 for the years ended September 30, 2022 and 2021, respectively.

The Organization leases a storage unit as part of a month to month lease. The lease requires monthly payments of \$385. Total lease expense was \$2,003 and \$-0- for the years ended September 30, 2022 and 2021, respectively.

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

Year Ended	Amount
September 30, 2023	\$ 832
September 30, 2024	832
September 30, 2025	832
September 30, 2026	624
TOTAL	\$ 3,120

See independent auditors’ report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

NOTE 8 - SUBSEQUENT EVENTS

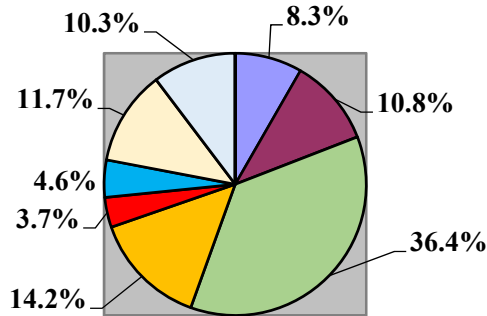
Management has evaluated subsequent transactions and events occurring after the statement of financial position date and through January 19, 2023, the date these financial statements were available to be issued, and has determined that there are no additional items that are required to be disclosed.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

**AUDIO SCRIPTURE MINISTRIES
EXPENSES BY FUNCTION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

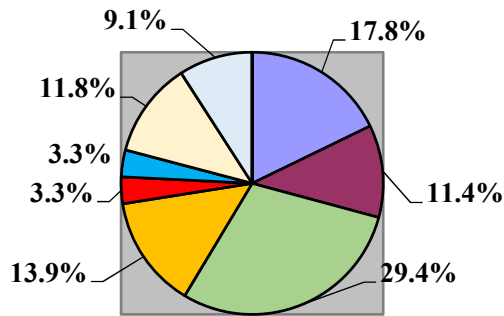
2022



Integral Missions	8.3%
Language and Recordings	10.8%
Resource Distribution	36.4%
Partnership and Collaborations	14.2%
Resources and Technology	3.7%
Bible Engagement	4.6%
General Administrative Expenses	11.7%
Fundraising	10.3%

PROGRAM EXPENSES	78.0 %
SUPPORTING SERVICES	22.0 %

2021



Integral Missions	17.8%
Language and Recordings	11.4%
Resource Distribution	29.4%
Partnership and Collaborations	13.9%
Resources and Technology	3.3%
Bible Engagement	3.3%
General Administrative Expenses	11.8%
Fundraising	9.1%

PROGRAM EXPENSES	79.1 %
SUPPORTING SERVICES	20.9 %

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