

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

SEPTEMBER 30, 2023 AND 2022



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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 2 to the financial statements, Audio Scripture Ministries has elected to adopt the requirements in the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 842, *Leases*, during the fiscal year ended September 30, 2023. 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 5, 2024

**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022**

	ASSETS	
	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 542,388	\$ 489,296
Investments	1,629,280	1,456,693
Inventory	78,720	20,158
TOTAL CURRENT ASSETS	\$ 2,250,388	\$ 1,966,147
 PROPERTY AND EQUIPMENT		
Office Equipment	\$ 30,560	\$ 21,937
Less: Accumulated Depreciation	(18,398)	(17,780)
NET PROPERTY AND EQUIPMENT	\$ 12,162	\$ 4,157
 TOTAL ASSETS	 \$ 2,262,550	 \$ 1,970,304

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

**AUDIO SCRIPTURE MINISTRIES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022**

LIABILITIES AND NET ASSETS	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 1,114	\$ 538
Accrued Expenses:		
Interest	195	733
Vacation Pay	6,018	4,709
Annuity Obligations	<u>436</u>	<u>612</u>
TOTAL CURRENT LIABILITIES	<u>\$ 7,763</u>	<u>\$ 6,592</u>
 NET ASSETS		
Without Donor Restrictions:		
Undesignated	\$ 1,617,733	\$ 1,310,999
Board Designated	<u>257,682</u>	<u>376,011</u>
Total Net Assets Without Donor Restrictions	\$ 1,875,415	\$ 1,687,010
With Donor Restrictions	<u>379,372</u>	<u>276,702</u>
TOTAL NET ASSETS	<u>\$ 2,254,787</u>	<u>\$ 1,963,712</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,262,550</u></u>	<u><u>\$ 1,970,304</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, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Contributions:						
Individuals and Organizations	\$ 793,530	\$ 585,505	\$ 1,379,035	\$ 763,000	\$ 471,378	\$ 1,234,378
In-Kind Income	60,202	-	60,202	394	-	394
Handling Fee Income	51,259	-	51,259	35,952	-	35,952
Other Income	70	-	70	2,089	-	2,089
Net Investment Return (Deficit)	84,818	-	84,818	(147,380)	-	(147,380)
Rent	-	-	-	8,400	-	8,400
Gain on Sale of Property	-	-	-	844,622	-	844,622
Net Assets Released from Donor Restriction	482,835	(482,835)	-	553,060	(553,060)	-
TOTAL SUPPORT AND REVENUES	\$ 1,472,714	\$ 102,670	\$ 1,575,384	\$ 2,060,137	\$ (81,682)	\$ 1,978,455
EXPENSES						
Program Expenses	\$ 1,005,449	\$ -	\$ 1,005,449	\$ 906,694	\$ -	\$ 906,694
Supporting Services:						
General and Administrative	162,920	-	162,920	136,878	-	136,878
Fundraising	115,940	-	115,940	119,413	-	119,413
TOTAL EXPENSES	\$ 1,284,309	\$ -	\$ 1,284,309	\$ 1,162,985	\$ -	\$ 1,162,985
CHANGE IN NET ASSETS	\$ 188,405	\$ 102,670	\$ 291,075	\$ 897,152	\$ (81,682)	\$ 815,470
NET ASSETS - BEGINNING OF THE YEAR	1,687,010	276,702	1,963,712	789,858	358,384	1,148,242
NET ASSETS - END OF THE YEAR	\$ 1,875,415	\$ 379,372	\$ 2,254,787	\$ 1,687,010	\$ 276,702	\$ 1,963,712

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, 2023
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2022)

	Program Expenses						Supporting Services		2023 TOTAL	2022 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	\$ 108,288	\$ 34,383	\$ 24,914	\$ 124,513	\$ 34,824	\$ 48,364	\$ 375,286	\$ 85,563	\$ 64,256	\$ 525,105	\$ 417,419
FICA Payroll Taxes	7,970	2,531	1,834	9,165	2,563	3,560	27,623	7,718	4,729	40,070	32,129
Group Health Insurance	19,898	6,318	4,578	22,880	6,399	8,887	68,960	15,965	11,807	96,732	88,841
Workers Compensation Insurance	1,430	454	329	1,644	460	639	4,956	1,147	848	6,951	458
Medical Reimbursements	2,187	694	503	2,514	703	977	7,578	1,755	1,298	10,631	2,803
Annuity Interest Payments	-	-	-	-	-	-	-	1,262	-	1,262	2,803
Office Equipment and Supplies	4,431	699	3,863	2,531	708	983	13,215	1,767	1,306	16,288	12,485
Bank Service Charges	-	-	-	-	-	-	-	2,826	6,083	8,909	8,118
Promotion	3,116	-	-	-	-	7,271	10,387	21,956	15,359	47,702	18,188
Postage and Mailing	5,563	-	-	1,593	-	-	7,156	531	3,185	10,872	5,871
Dues and Subscriptions	-	-	-	-	-	-	-	3,301	137	3,438	14,416
Travel	4,175	735	533	2,663	745	1,034	9,885	-	1,374	11,259	9,805
Software	1,309	416	301	1,505	421	585	4,537	1,050	777	6,364	7,012
Utilities	-	-	-	-	-	-	-	-	-	-	8,016
Internet and Phone	879	279	202	1,011	283	393	3,047	705	522	4,274	5,663
Depreciation	410	130	94	472	132	183	1,421	330	244	1,995	9,881
Equipment Rent	308	98	71	354	99	137	1,067	908	183	2,158	2,747
Repairs and Maintenance	24	8	6	28	8	11	85	18	14	117	4,487
Building Insurance	-	-	-	-	-	-	-	-	-	-	6,687
Contributions	-	-	-	-	-	-	-	-	-	-	8,400
Legal and Professional Fees	-	-	-	-	-	-	-	13,900	-	13,900	12,120
State Filing Fees	-	-	-	-	-	-	-	-	2,936	2,936	2,926
Training and Conferences	3,466	46	66	32,274	64	65	35,981	1,505	169	37,655	7,722
Digital Players Ministries	77,445	10,332	-	-	-	-	87,777	-	-	87,777	156,967
Missionary Support	150,018	106,250	61,517	17,724	-	6,701	342,210	-	-	342,210	308,912
Research and Development	-	-	-	-	-	-	-	-	-	-	591
Building Relocation	713	713	713	713	713	713	4,278	713	713	5,704	7,518
TOTALS	\$ 391,630	\$ 164,086	\$ 99,524	\$ 221,584	\$ 48,122	\$ 80,503	\$ 1,005,449	\$ 162,920	\$ 115,940	\$ 1,284,309	\$ 1,162,985
PERCENTAGE OF TOTAL EXPENSES	30.5%	12.8%	7.7%	17.3%	3.7%	6.3%	78.3%	12.7%	9.0%	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, 2022

	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	\$ 81,496	\$ 28,439	\$ 18,753	\$ 97,602	\$ 29,141	\$ 29,710	\$ 285,141	\$ 63,152	\$ 69,126	\$ 417,419
FICA Payroll Taxes	6,273	2,189	1,443	7,512	2,243	2,287	21,947	4,861	5,321	32,129
Group Health Insurance	17,345	6,053	3,991	20,773	6,202	6,323	60,687	13,442	14,712	88,841
Workers Compensation Insurance	89	31	21	107	32	33	313	69	76	458
Medical Reimbursements	547	191	126	655	196	200	1,915	424	464	2,803
Annuity Interest Payments	-	-	-	-	-	-	-	2,803	-	2,803
Office Equipment and Supplies	2,790	749	1,339	2,572	768	783	9,001	1,663	1,821	12,485
Bank Service Charges	-	-	-	-	-	-	-	8,118	-	8,118
Promotion	-	-	-	-	-	-	-	16,125	2,063	18,188
Postage and Mailing	2,538	-	-	1,000	-	-	3,538	333	2,000	5,871
Dues and Subscriptions	-	-	-	-	-	-	-	2,768	11,648	14,416
Travel	7,085	-	302	1,511	302	-	9,200	152	453	9,805
Software	1,369	478	315	1,640	490	499	4,791	1,060	1,161	7,012
Utilities	1,565	546	360	1,874	560	571	5,476	1,213	1,327	8,016
Internet and Phone	1,106	386	254	1,324	395	403	3,868	857	938	5,663
Depreciation	1,929	673	444	2,310	690	703	6,749	1,496	1,636	9,881
Equipment Rent	536	187	123	642	192	196	1,876	416	455	2,747
Repairs and Maintenance	876	306	202	1,049	313	319	3,065	679	743	4,487
Building Insurance	1,306	456	300	1,564	467	476	4,569	1,011	1,107	6,687
Contributions	-	-	-	8,400	-	-	8,400	-	-	8,400
Legal and Professional Fees	-	-	-	-	-	-	-	12,120	-	12,120
State Filing Fees	-	-	-	-	-	-	-	-	2,926	2,926
Training and Conferences	421	-	32	3,580	16	-	4,049	3,177	496	7,722
Digital Players Ministries	155,878	1,089	-	-	-	-	156,967	-	-	156,967
Missionary Support	139,789	82,403	67,279	9,941	-	9,500	308,912	-	-	308,912
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
PERCENTAGE OF TOTAL EXPENSES	36.4%	10.8%	8.3%	14.2%	3.7%	4.6%	78.0%	11.7%	10.3%	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, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from:		
Contributions and Handling Fee Income	\$ 1,430,294	\$ 1,291,330
Interest Income	1,611	14,395
Cash Paid for:		
Operations	(1,295,457)	(1,143,915)
Interest	(1,262)	(2,803)
	\$ 135,186	\$ 159,007
NET CASH FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Received from Sale of Property	\$ -	\$ 1,126,285
Net Cash Paid for Investments	(81,918)	(1,211,145)
	\$ (81,918)	\$ (84,860)
NET CASH FROM INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Payment of Annuity Obligations	\$ (176)	\$ (346)
	\$ 53,092	\$ 73,801
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	489,296	415,495
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 542,388	\$ 489,296

NON-CASH TRANSACTIONS

The Organization received \$60,202 and \$394 of donated goods for the years ended September 30, 2023 and 2022, respectively.

The Organization rented warehouse space as a part of an in-kind lease. The non-cash rental income, with offsetting contribution expense, was \$8,400 for the year ended September 30, 2022.

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, 2023 AND 2022**

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

	2023	2022
CHANGE IN NET ASSETS	\$ 291,075	\$ 815,470
ADJUSTMENTS		
Depreciation	1,995	9,881
Unrealized (Gain) Loss on Investments	(90,669)	155,106
Gain on Sale of Property	-	(844,622)
In Kind Donation of Office Equipment	(10,000)	-
CHANGES IN ASSETS AND LIABILITIES		
(Increase) Decrease in:		
Bequest Receivable	-	21,000
Inventory	(58,562)	-
Increase (Decrease) in:		
Accounts Payable	576	538
Accrued Expenses	771	1,634
	\$ 135,186	\$ 159,007
NET CASH FROM OPERATING ACTIVITIES		

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

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

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 in Integral Mission so that barriers to sharing the Gospel are removed.

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. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

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 \$7,462 and \$6,669 for the years ended September 30, 2023 and 2022, 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, 2023 AND 2022**

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, 2023 and 2022.

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 \$1,995 and \$9,881 for the years ended September 30, 2023 and 2022, respectively.

In May, 2022 the Organization sold their Holland building.

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, 2023 AND 2022**

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
National Partners Emergency	\$ -	\$ 15,739
Annuity Payments	9,534	40,534
Audio Bibles - Where Most Needed	100,106	83,120
Partnerships and Projects	147,397	228,767
Special Projects	<u>645</u>	<u>7,851</u>
Total Board Designated Net Assets	<u>\$ 257,682</u>	<u>\$ 376,011</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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Purpose Restrictions:		
Missionary Support	\$ 62,082	\$ 70,820
Integral Missions	48,681	26,081
Language/Recordings	102,447	72,919
Audio Bibles/Distributions	<u>166,162</u>	<u>106,882</u>
Total Net Assets with Purpose Restrictions	<u>\$ 379,372</u>	<u>\$ 276,702</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, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Leases

Contracts with a term greater than one year that convey the right to direct the use of and obtain substantially all of the economic benefit of an asset are accounted for as right-of-use assets and a corresponding lease liability. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease right-of-use asset or liability recognized.

Promotion Costs

The organization expenses promotion costs as incurred. Promotion costs were \$47,702 and \$18,188 for the years ended September 30, 2023 and 2022, 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 420 and 600 volunteer hours for the years ended September 30, 2023 and 2022, 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, 2023 and 2022.

	Program Services	
	2023	2022
Inventory - Audio Players	\$ 50,202	\$ -
Property and Equipment - Office Equipment	10,000	-
Agricultural Equipment, Humanitarian Goods and Medical Supplies	-	394
Total Non-Cash Donations Recorded	\$ 60,202	\$ 394

See independent auditors' report.

AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2020 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 changed its accounting method for leases as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, *Leases*, using the modified retrospective transition method. There was no cumulative effect adjustment to the Organization's statement of financial position as of October 1, 2022. Comparative information has not been restated and continues to be reported under the accounting standards in effect for the prior period.

The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases. The Organization elected the package of practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases. The Organization has not elected the hindsight practical expedient.

As of October 1, 2022, no operating lease right-of-use assets and corresponding lease liabilities were recognized. Adoption of the new guidance did not have a significant impact to the statement of activities or cash flows for the year ended September 30, 2023.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

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.

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, 2023 and 2022.

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, 2023 and 2022:

	Level 1	
	2023	2022
Cash and Money Market	\$ 330	\$ -
Certificates of Deposits	973,440	846,506
Exchange Traded Funds	252,659	266,964
Mutual Funds:		
Equity	202,690	165,491
Fixed Income	200,161	177,732
	\$ 1,629,280	\$ 1,456,693
Total Assets at Fair Value		

See independent auditors’ report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

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:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 542,388	\$ 489,296
Investments	<u>1,629,280</u>	<u>1,456,693</u>
Total Financial Assets	<u>\$ 2,171,668</u>	<u>\$ 1,945,989</u>
Less Amounts Not Available to be Used within One Year		
Net Assets with Donor Restrictions	\$ 379,372	\$ 276,702
Board Designated Net Assets	<u>257,682</u>	<u>376,011</u>
Total Amounts Not Available within One Year	<u>\$ 637,054</u>	<u>\$ 652,713</u>
Financial Assets Available to Meet General Expenditures Over the Next Year	<u><u>\$ 1,534,614</u></u>	<u><u>\$ 1,293,276</u></u>

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 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 - OPERATING LEASES

Income

Prior to selling its building, the Organization leased office space at its Holland location as part of a month to month in-kind lease agreement with another organization. The lease was valued at \$8,400 for the year ended September 30, 2022, respectively, and is reflected in rent revenue. This lease ended at the end of April, 2022.

See independent auditors' report.

**AUDIO SCRIPTURE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 6 - OPERATING LEASES-Continued

Expense

The Organization has two 60 month operating leases with Pitney Bowes for postage machines. The first lease began in August, 2021 and runs through August, 2026. The second lease began in April, 2023 and runs through April, 2028. These two leases require quarterly payments of \$208 and \$227, respectively. Total operating lease expense was \$1,460 and \$1,346 for the years ended September 30, 2023 and 2022, respectively.

The Organization entered into a 12 month operating lease with Grand Rapids International Fellowship for office space requiring monthly payments of \$250. The lease expires May, 2024. Total operating lease expense was \$3,000 and \$-0- for the years ended September 30, 2023 and 2022, respectively.

The Organization leases a storage unit as part of a month to month lease. The lease requires monthly payments of \$385, increasing to \$525 as of August, 2023. Total operating lease expense was \$5,704 and \$2,003 for the years ended September 30, 2023 and 2022, respectively.

The recording of a right-of-use asset and lease liability for these agreements were deemed to be unnecessary due to the insignificant nature of the agreements and payments were treated consistent with the short-term lease exception.

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

Year Ended	Amount
September 30, 2024	\$ 3,739
September 30, 2025	1,739
September 30, 2026	1,531
September 30, 2027	907
September 30, 2028	454
TOTAL	\$ 8,370

NOTE 7 - SUBSEQUENT EVENTS

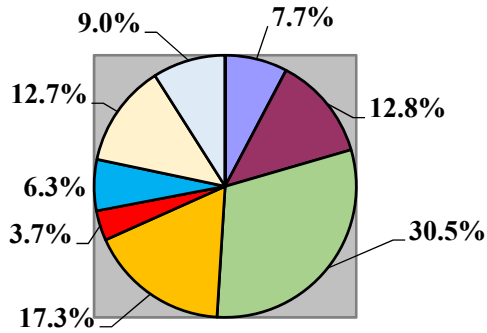
Management has evaluated subsequent transactions and events occurring after the statement of financial position date and through January 5, 2024, the date these financial statements were available to be issued, and has determined that there are no additional items that are required to be disclosed.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

**AUDIO SCRIPTURE MINISTRIES
EXPENSES BY FUNCTION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

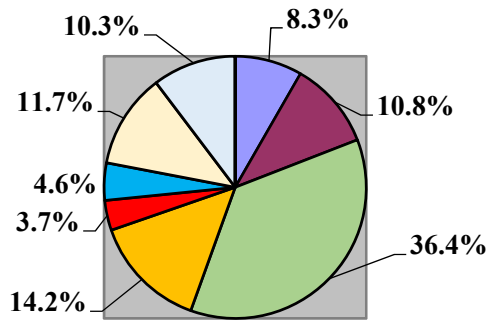
2023



- Integral Missions 7.7%
- Language and Recordings 12.8%
- Resource Distribution 30.5%
- Partnership and Collaborations 17.3%
- Resources and Technology 3.7%
- Bible Engagement 6.3%
- General Administrative Expenses 12.7%
- Fundraising 9.0%

PROGRAM EXPENSES 78.3 %
SUPPORTING SERVICES 21.7 %

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 %

See independent auditors' report.