World Missionary Press, Inc.

Combining Financial Statements
September 30, 2018

Contents

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
World Missionary Press, Inc.
New Paris, Indiana

Report on the Financial Statements
We have audited the accompanying combining financial statements of World Missionary Press, Inc. which comprise the combining balance sheets as of September 30, 2018 and 2017, and the related combining statements of activities and cash flows for the years then ended and the related notes to the combining financial statements (collectively, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Missionary Press, Inc. as of September 30, 2018 and 2017, 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.

RSM US LLP

Elkhart, Indiana
November 7, 2018

World Missionary Press, Inc.

Combining Balance Sheets
September 30, 2018 and 2017

	2018				2017			
Assets	General	Stewardship	Annuity	**Total All Funds**	General	Stewardship	Annuity	Total All Funds
Current assets:								
Cash and cash equivalents	$ 411,169	$ 153,267	$ 2,841	**$ 567,277**	$ 387,377	$ 94,749	$ 2,645	$ 484,771
Accounts receivable	5,403	30,440	-	**35,843**	20,469	57	-	20,526
Contributions receivable	150,000	-	-	**150,000**	10,000	-	-	10,000
Inventories	135,765	-	-	**135,765**	69,259	-	-	69,259
Prepaid expenses	207,706	1,966	-	**209,672**	125,778	2,670	-	128,448
Total current assets	910,043	185,673	2,841	**1,098,557**	612,883	97,476	2,645	713,004
Property and equipment:								
Land and land improvements	136,432	61,275	-	**197,707**	136,432	61,275	-	197,707
Buildings	1,201,818	771,212	-	**1,973,030**	1,167,098	693,910	-	1,861,008
Machinery and equipment	2,082,232	-	-	**2,082,232**	1,981,704	-	-	1,981,704
Furniture, fixtures and office equipment	263,014	1,337	-	**264,351**	251,390	1,337	-	252,727
	3,683,496	833,824	-	**4,517,320**	3,536,624	756,522	-	4,293,146
Less accumulated depreciation	(1,860,055)	(528,688)	-	**(2,388,743)**	(1,728,150)	(517,778)	-	(2,245,928)
Net property and equipment	1,823,441	305,136	-	**2,128,577**	1,808,474	238,744	-	2,047,218
Other assets:								
Long-term investments	30	-	-	**30**	30	-	-	30
Investment in annuities	-	-	83,926	**83,926**	-	-	88,622	88,622
Total other assets	30	-	83,926	**83,956**	30	-	88,622	88,652
Total assets	$2,733,514	$ 490,809	$ 86,767	**$3,311,090**	$2,421,387	$ 336,220	$ 91,267	$2,848,874
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	$ 138,081	$ 11,932	$ -	**$ 150,013**	$ 63,662	$ 643	$ -	$ 64,305
Accrued expenses	43,896	30,729	-	**74,625**	39,280	29,944	-	69,224
Notes payable	-	37,167	-	**37,167**	-	37,167	-	37,167
Current portion of annuity obligations	-	-	3,792	**3,792**	-	-	4,180	4,180
Total current liabilities	181,977	79,828	3,792	**265,597**	102,942	67,754	4,180	174,876
Long-term liabilities:								
Annuity obligations	-	-	79,880	**79,880**	-	-	83,992	83,992
Total liabilities	181,977	79,828	83,672	**345,477**	102,942	67,754	88,172	258,868
Net assets:								
Unrestricted	2,429,205	410,981	3,095	**2,843,281**	2,257,878	268,466	3,095	2,529,439
Temporarily restricted	122,332	-	-	**122,332**	60,567	-	-	60,567
Total net assets	2,551,537	410,981	3,095	**2,965,613**	2,318,445	268,466	3,095	2,590,006
Total liabilities and net assets	$2,733,514	$ 490,809	$ 86,767	**$3,311,090**	$2,421,387	$ 336,220	$ 91,267	$2,848,874

See notes to financial statements.

World Missionary Press, Inc.

Combining Statements of Activities
Years Ended September 30, 2018 and 2017

	2018				2017			
Changes in Unrestricted Net Assets	General	Stewardship	Annuity	**Total All Funds**	General	Stewardship	Annuity	Total All Funds
Revenues:								
Unrestricted contributions	$2,719,229	$ -	$ -	**$2,719,229**	$3,057,066	$ -	$ -	$3,057,066
Rental income	-	60,740	-	**60,740**	-	60,438	-	60,438
Gain on disposal of assets	400	-	-	**400**	1,086	-	-	1,086
Gain from involuntary conversion	65,102	146,031	-	**211,133**	-	-	-	-
Interest and dividends	2,143	163	-	**2,306**	1,313	105	-	1,418
Miscellaneous income	40,427	-	196	**40,623**	36,072	-	196	36,268
Total unrestricted revenues	2,827,301	206,934	196	**3,034,431**	3,095,537	60,543	196	3,156,276
Net assets released from restrictions:								
Satisfaction of operating restrictions	1,667,400	-	-	**1,667,400**	1,353,203	-	-	1,353,203
Satisfaction of capital acquisition restrictions	116,232	-	-	**116,232**	166,115	-	-	166,115
Total net assets released from restrictions	1,783,632	-	-	**1,783,632**	1,519,318	-	-	1,519,318
Total unrestricted revenues and other support	4,610,933	206,934	196	**4,818,063**	4,614,855	60,543	196	4,675,594
Expenses:								
Program services:								
Production	2,718,419	-	-	**2,718,419**	2,813,920	-	-	2,813,920
Shipping	973,005	-	-	**973,005**	1,095,477	-	-	1,095,477
Total program services	3,691,424	-	-	**3,691,424**	3,909,397	-	-	3,909,397
Supporting activities:								
Development	302,012	-	-	**302,012**	284,150	-	-	284,150
General	446,170	64,419	196	**510,785**	438,027	65,365	392	503,784
Total supporting activities	748,182	64,419	196	**812,797**	722,177	65,365	392	787,934
Total expenses	4,439,606	64,419	196	**4,504,221**	4,631,574	65,365	392	4,697,331
Increase (decrease) in unrestricted net assets	171,327	142,515	-	**313,842**	(16,719)	(4,822)	(196)	(21,737)
Changes in Temporarily Restricted Net Assets								
Restricted contributions	1,845,397	-	-	**1,845,397**	1,441,682	-	-	1,441,682
Net assets released from restrictions	(1,783,632)	-	-	**(1,783,632)**	(1,519,318)	-	-	(1,519,318)
Increase (decrease) in temporarily restricted net assets	61,765	-	-	**61,765**	(77,636)	-	-	(77,636)
Change in net assets	233,092	142,515		**375,607**	(94,355)	(4,822)	(196)	(99,373)
Net assets, beginning	2,318,445	268,466	3,095	**2,590,006**	2,412,800	273,288	3,291	2,689,379
Net assets, ending	$2,551,537	$ 410,981	$ 3,095	**$2,965,613**	$2,318,445	$ 268,466	$ 3,095	$2,590,006

See notes to financial statements.

World Missionary Press, Inc.

Combining Statements of Cash Flows
Years Ended September 30, 2018 and 2017

	2018				2017			
	General	Stewardship	Annuity	**Total**	General	Stewardship	Annuity	Total
Cash flows from operating activities:								
Change in net assets	$ 233,092	$ 142,515	$ -	**$ 375,607**	$ (94,355)	$ (4,822)	$ (196)	$ (99,373)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation	157,755	19,647	-	**177,402**	124,106	20,216	-	144,322
(Gain) on disposal of assets	(400)	-	-	**(400)**	(1,086)	-	-	(1,086)
(Gain) from involuntary conversion	(65,102)	(146,031)	-	**(211,133)**	-	-	-	-
Change in present value of annuities	-	-	196	**196**	-	-	392	392
Contribution revenue restricted for long-term purposes	(114,273)	-	-	**(114,273)**	(118,119)	-	-	(118,119)
(Increase) decrease in:								
Accounts receivable	15,066	(30,383)	-	**(15,317)**	(15,627)	(37)	264	(15,400)
Contributions receivable	(140,000)	-	-	**(140,000)**	(10,000)	-	-	(10,000)
Inventories	(66,506)	-	-	**(66,506)**	19,352	-	-	19,352
Prepaid expenses	(81,928)	704	-	**(81,224)**	4,112	(767)	-	3,345
Increase (decrease) in:								
Accounts payable	74,419	11,289	-	**85,708**	(29,345)	(46)	-	(29,391)
Accrued expenses	4,616	785	-	**5,401**	2,120	5,498	-	7,618
Net cash provided by (used in) operating activities	16,739	(1,474)	196	**15,461**	(118,842)	20,042	460	(98,340)
Cash flows from investing activities:								
Acquisitions of property and equipment	(173,722)	(86,039)	-	**(259,761)**	(137,974)	(9,338)	-	(147,312)
Proceeds from sale of property and equipment	1,400	-	-	**1,400**	1,086	-	-	1,086
Insurance proceeds from involuntary conversion	65,102	146,031	-	**211,133**	-	-	-	-
Proceeds from certificates of deposit	-	-	-	**-**	200,000	-	-	200,000
Net cash (used in) provided by investing activities	(107,220)	59,992	-	**(47,228)**	63,112	(9,338)	-	53,774
Cash flows from financing activities:								
Reinsured annuity payments received	-	-	18,123	**18,123**	-	-	18,411	18,411
Annuity payments	-	-	(18,123)	**(18,123)**	-	-	(18,410)	(18,410)
Collections of contributions restricted for long-term purposes	114,273	-	-	**114,273**	118,119	-	-	118,119
Net cash provided by financing activities	114,273	-	-	**114,273**	118,119	-	1	118,120
Increase in cash and cash equivalents	23,792	58,518	196	**82,506**	62,389	10,704	461	73,554
Cash and cash equivalents, beginning	387,377	94,749	2,645	**484,771**	324,988	84,045	2,184	411,217
Cash and cash equivalents, ending	$ 411,169	$ 153,267	$ 2,841	**$ 567,277**	$ 387,377	$ 94,749	$ 2,645	$ 484,771
Supplemental disclosures of cash flows information:								
Cash payments for interest	$ -	$ 833	$ -	**$ 833**	$ -	$ 833	$ -	$ 833

See notes to financial statements.

Note 1. Nature of the Organization and Significant Accounting Policies

Nature of the Organization: World Missionary Press, Inc. (the Organization) was established in 1961 to publish and distribute Scripture booklets, Bible studies, and other gospel literature worldwide at no cost to the recipient, relying on contributions to support operations. The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state statutes, and has been determined by the Internal Revenue Service not to be a private foundation. Contributions to the Organization are deductible to the donor.

Basis of accounting: The Organization's accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; accordingly, all financial transactions have been recorded and reported by fund.

The assets, liabilities, and net assets of the Organization are reported in three self-balancing funds, as follows:

The General Fund includes restricted and unrestricted resources and presents the portion of expendable funds that is available for support of program services (production and shipping) and supporting activities (development and general).

The Stewardship Fund includes rental properties and revocable life loans, the proceeds from which are invested primarily in rental properties for Organization workers.

The Annuity Fund includes gift annuity agreements whereby the Organization accepted a principal sum from an individual and, in return, pays the individual a fixed sum for life, or for two lives in the case of joint gift annuities, at rates consistent with Revenue Rule 72-438 of the Internal Revenue Service. The liability for annuities payable is the present value of all future annuity payments based upon the life expectancy of the annuitant and the anticipated rate of return of funds invested. The difference between the total payments and the reduction in the computed liability each year is netted to unrestricted income for the Annuity Fund.

Basis of reporting: The Organization prepares its financial statements on the accrual basis of accounting wherein revenue and expenses are recognized in the period earned or incurred.

Classification and reporting of net assets: The Organization reports information regarding its financial position and activities in the following three classes of net assets:

- Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise met by the Organization. At September 30, 2018 and 2017, the Organization had no permanently restricted net assets.

Revenue and support: Contributions received by the Organization are recorded as either unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restrictions. Contributions are included in income in the period the gifts are pledged or received.

Note 1. Nature of Organization and Significant Accounting Policies (continued)

All donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Cash and cash equivalents: For the purposes of this report, all funds in bank accounts and money market accounts are considered to be cash and cash equivalents. Cash held in certificates of deposit with original maturities of three months or greater are separately recorded on the balance sheets.

Contributions receivable: Unconditional promises expected to be collected within one year are reported at net realizable value. Those expected in more than one year, if material to the financial statements, are reported at the present value of their estimated future cash flows using a discount rate commensurate with the risk involved. Amortization of the discounts, if any, is included in contribution revenue. All promises to give are expected to be collected within one year.

Inventories: Inventories of raw materials and printing supplies are stated at the lower of cost (first-in, first-out) or market. The cost of materials used is charged to expense when the materials enter production since the finished product is distributed at no charge to the recipient.

Property and equipment: Property and equipment are stated at cost, or for donated property and equipment, at fair value as of the date of donation and include expenditures for new additions and repairs that substantially increase the useful lives of existing property and equipment. Normal repairs and maintenance are recorded as operating expenditures. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited to or charged against operations for the period.

Donations of property and equipment are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	10-40
Machinery and equipment	5-20
Furniture, fixtures and office equipment	3-10

Investments: Investments in bonds with readily determinable fair values are stated at fair value based on quoted market prices. Donated securities are recorded at fair value on the date of donation. Donated securities are immediately liquidated upon receipt from donor. Investment income dividends and interest are reported under revenue in the statement of activities. Certificates of deposit are recorded at cost. Reinsured charitable gift annuities are valued at their present value based on actuarial assumptions.

Charitable gift annuities: The Organization has in the past received assets from various individuals under agreements which require the Organization to pay the donors varying amounts during their lifetimes. These assets were recognized at their fair market value at the time of their receipt. An actuarial present value of the assets based on the donor's present age is used to determine the obligation. The value of the gifts received was based on the value of the assets less the obligation at the time the gifts were received.

Note 1. Nature of Organization and Significant Accounting Policies (continued)

Donated materials and services: Donated materials are recorded as contributions in the accompanying statements at fair value at date of receipt. No amounts have been reflected in the financial statements for donated services. The Organization pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and supporting activities.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited, which include development (fundraising) and general.

Concentration of credit risk: The Organization maintains deposits in insured financial institutions. At various times throughout the year, these deposits may exceed insured limits, which at September 30, 2018 were $250,000 per account held; however, management monitors the soundness of these financial institutions and feels the Organization's risk is negligible.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently issued accounting standards: In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Key elements of the ASU include a reduction in the number of net asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. The new standard is effective for the Organization in the fiscal year ending September 30, 2019, early adoption is allowed. The Organization is currently evaluating the impact of the adoption of the standard on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for the Organization's September 30, 2020 financial statements. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that period. The Organization has not yet selected a transition method and is currently evaluating the effect that the pending adoption of the updated standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Organization's September 30, 2021 financial statements. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the effect of the pending adoption of the new standard on the financial statements.

Note 1. Nature of Organization and Significant Accounting Policies (continued)

Income taxes: The Organization is incorporated as a not-for-profit under the laws of the state of Indiana and is exempt from federal and state income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code, except for taxes pertaining to unrelated business income, if any, and is not considered a private foundation. Contributions by the public are deductible for income tax purposes.

The Organization follows the accounting guidance for uncertainty in income taxes. The standard clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. The guidance also addressed de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management believes the Organization has no material uncertainties in income taxes.

The Organization files Form 990 in the U.S. federal jurisdiction and related forms in the state of Indiana. With few exceptions, the Organization is no longer subject to examination by the Internal Revenue Service for years before 2014.

Subsequent events: The Organization has evaluated subsequent events for potential recognition and/or disclosure through November 7, 2018, the date the financial statements were available to be issued.

Note 2. Inventories

Inventories at September 30, 2018 and 2017 are composed of the following:

	2018	2017
Paper, ink, and printing supplies	$ 135,765	$ 69,259

Note 3. Investments

Investments as of September 30, 2018 and 2017 consisted of the following:

	2018	2017
Bonds held at fair value	$ 30	$ 30
Reinsured charitable gift annuities	83,926	88,622
	$ 83,956	$ 88,652

Note 4. Fair Value Measurement

Reinsured charitable gift annuities: Fair value is based on purchased annuities from an insurance carrier, which approximates the value of the contractual life-income liability. The annuities are adjusted annually using the present value technique based on donors' life expectancy.

The Organization follows the FASB guidance for its financial assets and liabilities that are being measured and reported at fair value for each reporting period. This guidance defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosure about fair value measurements. Under GAAP, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, GAAP establishes a fair value hierarchy that prioritizes the information used to develop those assumptions and fair value measurements are separately disclosed by level within the fair value hierarchy.

Note 4. Fair Value Measurements (continued)

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level 1 includes listed equities and listed derivatives.

Level 2 Pricing inputs are other than quoted prices in active markets of comparable instruments, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level 3 Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies.

The following table summarizes the valuation of the Organization’s financial instruments which are carried at fair value by the above fair value hierarchy levels as of September 30, 2018 and 2017:

	2018			
	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total September 30, 2018
Bonds	$ -	$ 30	$ -	$ 30
Reinsured charitable gift annuities	-	-	83,926	83,926
	$ -	$ 30	$ 83,926	$ 83,956

	2017			
	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total September 30, 2017
Bonds	$ -	$ 30	$ -	$ 30
Reinsured charitable gift annuities	-	-	88,622	88,622
	$ -	$ 30	$ 88,622	$ 88,652

The changes in financial instruments measured at fair value for which the Organization has used Level 3 inputs to determine fair value are as follows:

	Reinsured Charitable Gift Annuities	
	2018	2017
Balance, beginning of year	$ 88,622	$ 94,574
Change in actuarial present value	(4,696)	(5,952)
Balance, end of year	$ 83,926	$ 88,622

Note 4. Fair Value Measurements (continued)

The change in actuarial present value of the investment in annuities is netted against the change in annuity obligation with the net change shown in general expenses on the statement of activities.

Note 5. Property and Equipment

Property and equipment assets for the years ended September 30, 2018 and 2017 are as follows:

2018	Balance September 30, 2017	Additions and (Disposals)	Balance September 30, 2018	Accumulated Depreciation	Net Book Value
General fund:					
Land and land improvements	$ 136,432	$ -	$ 136,432	$ -	$ 136,432
Buildings	1,167,098	34,720	1,201,818	598,771	603,047
Machinery and equipment	1,981,704	100,528	2,082,232	1,063,215	1,019,017
Furniture, fixtures, and office equipment	251,390	11,624	263,014	198,069	64,945
	$ 3,536,624	$ 146,872	$ 3,683,496	$ 1,860,055	$ 1,823,441
Stewardship fund:					
Land and land improvements	$ 61,275	$ -	$ 61,275	$ -	$ 61,275
Buildings	693,910	77,302	771,212	528,688	242,524
Furniture and fixtures	1,337	-	1,337	-	1,337
	$ 756,522	$ 77,302	$ 833,824	$ 528,688	$ 305,136

2017	Balance September 30, 2016	Additions and (Disposals)	Balance September 30, 2017	Accumulated Depreciation	Net Book Value
General fund:					
Land and land improvements	$ 136,432	$ -	$ 136,432	$ -	$ 136,432
Buildings	1,097,790	69,308	1,167,098	565,776	601,322
Machinery and equipment	1,953,746	27,958	1,981,704	977,454	1,004,250
Furniture, fixtures, and office equipment	210,682	40,708	251,390	184,920	66,470
	$ 3,398,650	$ 137,974	$ 3,536,624	$ 1,728,150	$ 1,808,474
Stewardship fund:					
Land and land improvements	$ 61,275	$ -	$ 61,275	$ -	$ 61,275
Buildings	684,572	9,338	693,910	517,778	176,132
Furniture and fixtures	1,337	-	1,337	-	1,337
	$ 747,184	$ 9,338	$ 756,522	$ 517,778	$ 238,744

Note 6. Notes Payable

At September 30, 2018 and 2017, the Organization has unsecured notes payable to various individuals as follows:

	2018	2017
Stewardship fund:		
*Payable within 30 days of demand, non-interest bearing	$ 15,500	$ 15,500
*Payable within 30 days of demand, 5.0%	21,667	21,667
	$ 37,167	$ 37,167

* Interest expense for the years ended September 30, 2018 and 2017, was $833 in the Stewardship fund.

Note 7. Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2018 and 2017:

	2018	2017
Specific booklets/shipments	$ 109,063	$ 44,230
Specific operations projects	13,269	14,377
Other capital needs	-	1,960
	$ 122,332	$ 60,567

Note 8. Description of Leasing Arrangements

The Organization owns several properties it leases as low rental housing to its workers or others in Christian ministry on a month-to-month basis. The Organization is responsible for all property taxes and maintenance on these units. A schedule of the properties held for lease is shown as property and equipment in the Stewardship fund in Note 5.