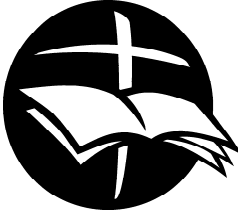


World Missionary Press, Inc.

Combining Financial Statements
September 30, 2020



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Independent Auditor's Report

RSM US LLP

To the Board of Directors
World Missionary Press, Inc.

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, 2020 and 2019, 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, 2020 and 2019, 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 11, 2020

World Missionary Press, Inc.
Combining Balance Sheets
September 30, 2020 and 2019

	2020				2019			
	General	Stewardship	Annuity	Total All Funds	General	Stewardship	Annuity	Total All Funds
Assets								
Current assets:								
Cash and cash equivalents	\$ 3,566,200	\$ 120,178	\$ 3,234	\$ 3,689,612	\$ 569,978	\$ 105,227	\$ 3,038	\$ 678,243
Accounts receivable	3,914	2,515	-	6,429	194	310	-	504
Contributions receivable	-	-	-	-	161,492	1,500	-	162,992
Inventories	147,292	-	-	147,292	148,705	-	-	148,705
Prepaid expenses	230,403	2,275	-	232,678	153,921	2,142	-	156,063
Investments	6,845,468	-	-	6,845,468	30	-	-	30
Total current assets	10,793,277	124,968	3,234	10,921,479	1,034,320	109,179	3,038	1,146,537
Property and equipment:								
Land and land improvements	136,432	61,275	-	197,707	136,432	61,275	-	197,707
Buildings	1,281,667	847,906	-	2,129,573	1,281,440	846,286	-	2,127,726
Machinery and equipment	1,913,289	-	-	1,913,289	1,930,174	-	-	1,930,174
Furniture, fixtures and office equipment	280,954	700	-	281,654	270,221	700	-	270,921
	3,612,342	909,881	-	4,522,223	3,618,267	908,261	-	4,526,528
Less accumulated depreciation	(1,949,242)	(566,735)	-	(2,515,977)	(1,819,502)	(545,892)	-	(2,365,394)
Net property and equipment	1,663,100	343,146	-	2,006,246	1,798,765	362,369	-	2,161,134
Other assets:								
Donated land/property held for sale	-	-	-	-	9,300,000	-	-	9,300,000
Investment in annuities	-	-	76,154	76,154	-	-	80,742	80,742
Total other assets	-	-	76,154	76,154	9,300,000	-	80,742	9,380,742
Total assets	\$ 12,456,377	\$ 468,114	\$ 79,388	\$ 13,003,879	\$ 12,133,085	\$ 471,548	\$ 83,780	\$ 12,688,413
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	\$ 138,559	\$ 792	\$ -	\$ 139,351	\$ 115,358	\$ 1,427	\$ -	\$ 116,785
Accrued expenses	60,429	31,605	-	92,034	44,520	29,064	-	73,584
Notes payable	-	31,667	-	31,667	-	31,667	-	31,667
Current portion of annuity obligations	-	-	3,424	3,424	-	-	3,922	3,922
Total current liabilities	198,988	64,064	3,424	266,476	159,878	62,158	3,922	225,958
Long-term liabilities:								
Annuity obligations	-	-	72,534	72,534	-	-	75,958	75,958
Total liabilities	198,988	64,064	75,958	339,010	159,878	62,158	79,880	301,916
Net assets:								
Without donor restrictions	3,752,794	404,050	3,430	4,160,274	2,576,470	409,390	3,900	2,989,760
With donor restrictions	8,504,595	-	-	8,504,595	9,396,737	-	-	9,396,737
Total net assets	12,257,389	404,050	3,430	12,664,869	11,973,207	409,390	3,900	12,386,497
Total liabilities and net assets	\$ 12,456,377	\$ 468,114	\$ 79,388	\$ 13,003,879	\$ 12,133,085	\$ 471,548	\$ 83,780	\$ 12,688,413

See notes to combining financial statements.

World Missionary Press, Inc.
Combining Statements of Activities
Years Ended September 30, 2020 and 2019

	2020				2019			
	General	Stewardship	Annuity	Total All Funds	General	Stewardship	Annuity	Total All Funds
Changes in Net Assets without Donor Restrictions								
Revenues:								
Contributions without donor restrictions	\$ 3,258,731	\$ -	\$ -	\$ 3,258,731	\$ 3,297,748	\$ 5,500	\$ -	\$ 3,303,248
Rental income	-	65,985	-	65,985	-	62,896	-	62,896
Gain on disposal of assets	-	-	-	-	852	-	-	852
Loss on sale of donated land/property held for sale	(336,005)	-	-	(336,005)	-	-	-	-
Investment income	908,524	199	-	908,723	1,497	215	-	1,712
Gain from involuntary conversion	-	-	-	-	51,840	11,399	-	63,239
Miscellaneous income	36,144	-	196	36,340	40,276	-	805	41,081
Total revenues without donor restrictions	3,867,394	66,184	196	3,933,774	3,392,213	80,010	805	3,473,028
Net assets released from restrictions:								
Satisfaction of operating restrictions	1,683,169	-	-	1,683,169	1,239,441	-	-	1,239,441
Satisfaction of capital acquisition restrictions	10,058	-	-	10,058	7,891	-	-	7,891
Total net assets released from restrictions	1,693,227	-	-	1,693,227	1,247,332	-	-	1,247,332
Total revenues and other support without donor restrictions:	5,560,621	66,184	196	5,627,001	4,639,545	80,010	805	4,720,360
Expenses:								
Program services:								
Production	3,006,016	-	-	3,006,016	2,681,964	-	-	2,681,964
Shipping	893,748	-	-	893,748	1,008,643	-	-	1,008,643
Total program services	3,899,764	-	-	3,899,764	3,690,607	-	-	3,690,607
Supporting activities:								
Development	290,132	-	-	290,132	340,809	-	-	340,809
General	535,406	66,764	666	602,836	460,891	83,341	-	544,232
Total supporting activities	825,538	66,764	666	892,968	801,700	83,341	-	885,041
Total expenses	4,725,302	66,764	666	4,792,732	4,492,307	83,341	-	4,575,648
Increase (decrease) in net assets without donor restrictions:	835,319	(580)	(470)	834,269	147,238	(3,331)	805	144,712
Changes in Net Assets with Donor Restrictions								
Restricted contributions	1,137,090	240	-	1,137,330	10,521,764	1,740	-	10,523,504
Net assets released from restrictions	(1,693,227)	-	-	(1,693,227)	(1,247,332)	-	-	(1,247,332)
(Decrease) increase in net assets with donor restrictions	(556,137)	240	-	(555,897)	9,274,432	1,740	-	9,276,172
Change in net assets	279,182	(340)	(470)	278,372	9,421,670	(1,591)	805	9,420,884
Net assets, beginning	11,973,207	409,390	3,900	12,386,497	2,551,537	410,981	3,095	2,965,613
Interfund transfers	5,000	(5,000)	-	-	-	-	-	-
Net assets, ending	\$ 12,257,389	\$ 404,050	\$ 3,430	\$ 12,664,869	\$ 11,973,207	\$ 409,390	\$ 3,900	\$ 12,386,497

See notes to combining financial statements.

World Missionary Press, Inc.
Combining Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	2020				2019			
	General	Stewardship	Annuity	Total	General	Stewardship	Annuity	Total
Cash flows from operating activities:								
Change in net assets	\$ 279,182	\$ (340)	\$ (470)	\$ 278,372	\$ 9,421,670	\$ (1,591)	\$ 805	\$ 9,420,884
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation	154,213	21,549	-	175,762	159,086	21,345	-	180,431
Gain on disposal of assets	-	-	-	-	(852)	-	-	(852)
Loss on sale of donated land/property held for sale	336,005	-	-	336,005	-	-	-	-
Gain from involuntary conversion	-	-	-	-	(51,840)	(11,399)	-	(63,239)
Change in present value of annuities	-	-	666	666	-	-	(608)	(608)
Contribution revenue restricted for long-term purposes	(12,965)	-	-	(12,965)	(4,826)	-	-	(4,826)
Realized and unrealized gain on investments	(879,032)	-	-	(879,032)	-	-	-	-
(Increase) decrease in:								
Accounts receivable	(3,720)	(2,205)	-	(5,925)	5,209	30,130	-	35,339
Contributions receivable	161,492	1,500	-	162,992	(11,492)	(1,500)	-	(12,992)
Inventories	1,413	-	-	1,413	(12,940)	-	-	(12,940)
Prepaid expenses	(76,482)	(133)	-	(76,615)	53,785	(175)	-	53,610
Donated land/property held for resale	-	-	-	-	(9,300,000)	-	-	(9,300,000)
Increase (decrease) in:								
Accounts payable	23,201	(635)	-	22,566	(22,723)	(16,005)	-	(38,728)
Accrued expenses	15,909	2,541	-	18,450	624	(1,665)	-	(1,041)
Net cash provided by (used in) operating activities	(784)	22,277	196	21,689	235,701	19,140	197	255,038
Cash flows from investing activities:								
Acquisitions of property and equipment	(18,548)	(2,326)	-	(20,874)	(139,558)	(78,579)	-	(218,137)
Proceeds from sale of property and equipment	-	-	-	-	6,000	-	-	6,000
Insurance proceeds from involuntary conversion	-	-	-	-	51,840	11,399	-	63,239
Purchase of investments	(5,966,406)	-	-	(5,966,406)	-	-	-	-
Proceeds from sale of donated land/property held for sale	8,963,995	-	-	8,963,995	-	-	-	-
Net cash provided by (used in) investing activities	2,979,041	(2,326)	-	2,976,715	(81,718)	(67,180)	-	(148,898)
Cash flows from financing activities:								
Reinsured annuity payments received	-	-	18,037	18,037	-	-	18,123	18,123
Annuity payments	-	-	(18,037)	(18,037)	-	-	(18,123)	(18,123)
Collections of contributions restricted for long-term purposes	12,965	-	-	12,965	4,826	-	-	4,826
Interfund transfers	5,000	(5,000)	-	-	-	-	-	-
Net cash provided by (used in) financing activities	17,965	(5,000)	-	12,965	4,826	-	-	4,826
Increase (decrease) in cash and cash equivalents	2,996,222	14,951	196	3,011,369	158,809	(48,040)	197	110,966
Cash and cash equivalents, beginning	569,978	105,227	3,038	678,243	411,169	153,267	2,841	567,277
Cash and cash equivalents, ending	\$ 3,566,200	\$ 120,178	\$ 3,234	\$ 3,689,612	\$ 569,978	\$ 105,227	\$ 3,038	\$ 678,243
Supplemental disclosures of cash flows information:								
Cash payments for interest	\$ -	\$ 833	\$ -	\$ 833	\$ -	\$ 833	\$ -	\$ 833

See notes to combining financial statements.

World Missionary Press, Inc.

Notes to Combining Financial Statements

Note 1. Nature of 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 (IRS) 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 IRS. 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 miscellaneous 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 two classes of net assets:

Net assets without donor restrictions: Net assets without donor restrictions are resources available to support the Organization as determined by the board. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donors' instructions. The Organization's unspent contributions are included in this class if the donor limited their use. At September 30, 2020 and 2019, the Organization held no net assets with donor restrictions that were perpetual in nature.

World Missionary Press, Inc.

Notes to Combining Financial Statements

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

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor and/or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue and support: Contributions received by the Organization are recorded as either net assets without donor restrictions or net assets with donor restrictions, 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.

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 combining 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 combining 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. There are no promises to give at September 30, 2020.

Inventories: Inventories of raw materials and printing supplies are stated at the lower of cost (first-in, first-out) or net realizable value. 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 without donor restricted 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 contributions with donor restrictions. 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 or as instructed by the donor. The Organization reclassifies with donor restricted net assets to without donor restricted net assets at that time.

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

	<u>Years</u>
Buildings	10-40
Machinery and equipment	5-20
Furniture, fixtures and office equipment	3-10

World Missionary Press, Inc.

Notes to Combining Financial Statements

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

Investments: Investments in bonds, mutual funds and equities 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 including unrealized gains and losses on investments, dividends and interest are reported under revenue in the combining statements 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.

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.

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, 2020 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 combining 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 combining financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adopted accounting standards: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 replaced most existing revenue recognition guidance in U.S. GAAP. The Organization adopted the provisions of ASU 2014-09 on October 1, 2019 under the modified retrospective method. However, the Organization has determined there were no material revenue streams subject to guidance in ASU 2019-09, and therefore, the adoption has no impact on its combining financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU was adopted on October 1, 2019 by the Organization. There was no impact on its combining financial statements.

Notes to Combining Financial Statements

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

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. This guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. In addition, in November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. The Organization has implemented the provisions of ASU 2016-15 in the accompanying combining financial statements under the retrospective method effective on October 1, 2019. The Organization does not currently have any agreements that require cash to be restricted. Accordingly, there was no effect on the combining financial statements in connection with the implementation of ASU 2016-15.

Recently issued accounting standards: 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, 2023 combining financial statements. The Organization is currently evaluating the effect of the pending adoption of the new standard on the combining financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for the Organization's September 30, 2021 combining financial statements. The Organization is currently evaluating the impact of this new standard on its combining financial statements.

In September 2020, the FASB issued 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contribution of cash or other financial assets as well as requires additional disclosures. This ASU should be applied on a retrospective basis and is effective for the Organization's September 30, 2022 combining financial statement. Early adoption is permitted. The Organization is currently evaluating the impact of this new standard on its combining financial statements.

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 combining 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.

Subsequent events: The Organization has evaluated subsequent events for potential recognition and/or disclosure through November 11, 2020, the date the combining financial statements were available to be issued

World Missionary Press, Inc.

Notes to Combining Financial Statements

Note 2. Liquidity and Availability

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of September 30, 2020 and 2019, are:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 3,566,200	\$ 569,978
Accounts receivable	3,914	194
Contribution receivable	-	161,492
Investments	6,845,468	-
Total financial assets available within one year	<u>10,415,582</u>	<u>731,664</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted assets (Note 8)	8,504,595	96,737
Amount available for general expenditure within one year	<u>\$ 1,910,987</u>	<u>\$ 634,927</u>

World Missionary Press Stewardship Fund has financial assets available within one year as of September 30, 2020 and 2019 consisting of:

	2020	2019
Financial assets:		
Cash for rental property needs	\$ 88,511	\$ 73,560
Cash for revocable loan repayment requests	31,667	31,667
Accounts receivable	2,515	310
Contribution receivable	-	1,500
Total cash and cash equivalents	<u>\$ 122,693</u>	<u>\$ 107,037</u>

World Missionary Press Annuity Fund has cash and cash equivalents available within one year to meet cash needs related to annuitant interest payments as of September 30, 2020 and 2019, are \$3,234 and \$3,038, respectively. Gift annuities are insured on an "installment refund" basis and payments from insurance companies cover annuity interest payments to annuitants.

Note 3. Inventories

Inventories at September 30, 2020 and 2019 are composed of the following:

	2020	2019
Paper, ink, and printing supplies	<u>\$ 147,292</u>	<u>\$ 148,705</u>

World Missionary Press, Inc.

Notes to Combining Financial Statements

Note 4. Investments

Investments as of September 30, 2020 and 2019 consisted of the following:

	2020	2019
International equity exchange traded funds	\$ 636,195	\$ -
Bond exchange traded funds	819,065	-
Domestic equity exchange traded funds	1,807,893	-
International mutual funds	799,005	-
Domestic mutual funds	1,335,392	-
Bond mutual funds	1,447,888	-
Bonds held at fair value	30	30
Reinsured charitable gift annuities	76,154	80,742
	<u>\$ 6,921,622</u>	<u>\$ 80,772</u>

The Organization held investments in a domestic equity exchange traded fund that made up approximately 12% of total investments at September 30, 2020. There were no funds that accounted for more than 10% of investments at September 30, 2019.

Investment securities in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near-term and such changes could materially affect the amounts reported in the combining statements of financial position.

Note 5. Fair Value Measurement

Mutual funds and equities: All mutual funds and equities are actively traded and are valued at the net asset value (NAV) as stated at the last reported sales price on the day of valuation for shares held by the Organization at the measurement date.

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.

Donated land/property held for sale: Fair value is based on observable inputs of similar assets in an active market adjusted accordingly using the market value approach and less costs to sell. The donated asset was recorded at fair value at time of the donation and does not require adjustment to fair value annually unless determined to be impaired.

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.

World Missionary Press, Inc.

Notes to Combining Financial Statements

Note 5. Fair Value Measurement (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, 2020 and 2019:

	2020			
	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total September 30
International equity exchange traded funds	\$ 636,195	\$ -	\$ -	\$ 636,195
Bond exchange traded funds	819,065	-	-	819,065
Domestic equity exchange traded funds	1,807,893	-	-	1,807,893
International mutual funds	799,005	-	-	799,005
Domestic mutual funds	1,335,392	-	-	1,335,392
Bond mutual funds	1,447,888	-	-	1,447,888
Bonds held at fair value	-	30	-	30
Reinsured charitable gift annuities	-	-	76,154	76,154
	<u>\$ 6,845,438</u>	<u>\$ 30</u>	<u>\$ 76,154</u>	<u>\$ 6,921,622</u>
	2019			
	Assets Measured at Fair Value			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total September 30
Recurring fair value measurements:				
Bonds	\$ -	\$ 30	\$ -	\$ 30
Reinsured charitable gift annuities	-	-	80,742	80,742
	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 80,742</u>	<u>\$ 80,772</u>
Nonrecurring fair value measurements:				
Donated land/property held for sale	\$ -	\$ 9,300,000	\$ -	\$ 9,300,000

World Missionary Press, Inc.

Notes to Combining Financial Statements

Note 5. Fair Value Measurement (Continued)

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	
	2020	2019
Balance, beginning of year	\$ 80,742	\$ 83,926
Change in actuarial present value	(4,588)	(3,184)
Balance, end of year	<u>\$ 76,154</u>	<u>\$ 80,742</u>

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 combining statements of activities.

Note 6. Property and Equipment

Property and equipment assets for the years ended September 30, 2020 and 2019 are as follows:

	2020				
	Balance September 30, 2019	Additions and (Disposals)	Balance September 30, 2020	Accumulated Depreciation	Net Book Value
General fund:					
Land and land improvements	\$ 136,432	\$ -	\$ 136,432	\$ -	\$ 136,432
Buildings	1,281,440	227	1,281,667	657,744	623,923
Machinery and equipment	1,930,174	(16,885)	1,913,289	1,068,136	845,153
Furniture, fixtures, and office equipment	270,221	10,733	280,954	223,362	57,592
	<u>\$ 3,618,267</u>	<u>\$ (5,925)</u>	<u>\$ 3,612,342</u>	<u>\$ 1,949,242</u>	<u>\$ 1,663,100</u>
Stewardship fund:					
Land and land improvements	\$ 61,275	\$ -	\$ 61,275	\$ -	\$ 61,275
Buildings	846,286	1,620	847,906	566,035	281,871
Furniture and fixtures	700	-	700	700	-
	<u>\$ 908,261</u>	<u>\$ 1,620</u>	<u>\$ 909,881</u>	<u>\$ 566,735</u>	<u>\$ 343,146</u>
	2019				
	Balance September 30, 2018	Additions and (Disposals)	Balance September 30, 2019	Accumulated Depreciation	Net Book Value
General fund:					
Land and land improvements	\$ 136,432	\$ -	\$ 136,432	\$ -	\$ 136,432
Buildings	1,201,818	79,622	1,281,440	608,130	673,310
Machinery and equipment	2,082,232	(152,058)	1,930,174	1,001,314	928,860
Furniture, fixtures, and office equipment	263,014	7,207	270,221	210,058	60,163
	<u>\$ 3,683,496</u>	<u>\$ (65,229)</u>	<u>\$ 3,618,267</u>	<u>\$ 1,819,502</u>	<u>\$ 1,798,765</u>
Stewardship fund:					
Land and land improvements	\$ 61,275	\$ -	\$ 61,275	\$ -	\$ 61,275
Buildings	771,212	75,074	846,286	545,192	301,094
Furniture and fixtures	1,337	(637)	700	700	-
	<u>\$ 833,824</u>	<u>\$ 74,437</u>	<u>\$ 908,261</u>	<u>\$ 545,892</u>	<u>\$ 362,369</u>

World Missionary Press, Inc.

Notes to Combining Financial Statements

Note 7. Notes Payable

At September 30, 2020 and 2019, the Organization has unsecured notes payable to various individuals as follows:

	2020	2019
Stewardship fund:		
*Payable within 30 days of demand, non-interest bearing	\$ 15,000	\$ 15,000
*Payable within 30 days of demand, 5.0%	16,667	16,667
	<u>\$ 31,667</u>	<u>\$ 31,667</u>

* Interest expense for the years ended September 30, 2020 and 2019, was \$833 in the Stewardship fund.

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at September 30, 2020 and 2019:

	2020	2019
Specific booklets/shipments	\$ 8,498,595	\$ 9,388,710
Specific operations projects	6,000	8,027
	<u>\$ 8,504,595</u>	<u>\$ 9,396,737</u>

Note 9. 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 6.

Note 10. Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combining statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited, which include development (fundraising) and general. Costs that can be identified with a specific program or service are charged directly to that program or service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

The costs related to shared expenses are allocated based on a number of factors depending on the expense type. Such factors can include square footage, wages within the department, headcount and expected usage. The costs that are allocated include telephone expenses, utilities and printing supplies.

Management evaluates these allocations on an annual basis.

General expenses include costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

World Missionary Press, Inc.

Notes to Combining Financial Statements

Note 10. Functional Expenses (Continued)

Expenses by functional and natural classification consist of the following:

	Year Ended September 30, 2020							
	General Fund					Stewardship Fund	Annuity	Total
	Production	Shipping	Development	General	Total	General	Fund	
Paper, printing and related costs	\$ 1,883,998	\$ -	\$ 31,222	\$ 4,539	\$ 1,883,999	\$ -	\$ -	\$ 1,883,999
Postage, shipping and related costs	-	562,496	35,867	12,075	562,496	-	-	562,496
Payroll and employee benefits	891,187	275,846	166,425	374,358	1,707,816	-	-	1,707,816
Occupancy and equipment	129,271	30,614	9,407	26,563	195,855	-	-	195,855
Professional and non-employee fees	638	-	2,145	49,113	51,896	-	-	51,896
Other administrative costs	-	-	37,667	47,658	169,027	-	-	169,027
Depreciation	100,922	24,792	7,399	21,100	154,213	21,549	-	175,762
Interest	-	-	-	-	-	833	-	833
Insurance	-	-	-	-	-	6,969	-	6,969
Rental costs	-	-	-	-	-	37,413	-	37,413
Annuity expense	-	-	-	-	-	-	666	666
Total	\$ 3,006,016	\$ 893,748	\$ 290,132	\$ 535,406	\$ 4,725,302	\$ 66,764	\$ 666	\$ 4,792,732

	Year Ended September 30, 2019							
	General Fund					Stewardship Fund	Total	
	Production	Shipping	Development	General	Total	General		
Paper, printing and related costs	\$ 1,600,282	\$ -	\$ 34,203	\$ 5,280	\$ 1,639,765	\$ -	\$ 1,639,765	
Postage, shipping and related costs	-	687,915	34,622	12,424	734,961	-	734,961	
Payroll and employee benefits	846,874	267,362	172,828	342,339	1,629,403	-	1,629,403	
Occupancy and equipment	128,531	28,569	7,969	18,526	183,595	-	183,595	
Professional and non-employee fees	1,487	-	9,359	27,771	38,617	-	38,617	
Other administrative costs	-	-	74,141	32,739	106,880	-	106,880	
Depreciation	104,790	24,797	7,687	21,812	159,086	21,345	180,431	
Interest	-	-	-	-	-	833	833	
Insurance	-	-	-	-	-	6,394	6,394	
Rental costs	-	-	-	-	-	54,769	54,769	
Total	\$ 2,681,964	\$ 1,008,643	\$ 340,809	\$ 460,891	\$ 4,492,307	\$ 83,341	\$ 4,575,648	

Note 11. Risks and Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the Organization. There have been numerous mandated and voluntary closures of businesses and organizations, including churches. The extent of the impact on the Organization's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions, all of which are highly uncertain and cannot be predicted.